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File 98

MCINTYRE

PORCUPINE MINES LIMITED

ANNUAL REPORT

1966



CONTENTS

	PAGE
Corporate data - - - - -	1
Directors, officers, mine managers - - - - -	2
Financial summary - - - - -	3
Directors' report - - - - -	4
Source and application of funds, consolidated -	8
Statement of income, consolidated - - - - -	9
Balance sheet, consolidated - - - - -	10
Notes to consolidated financial statements - -	12
Statement of earned surplus, consolidated - - -	13
Auditors' report - - - - -	13
Investment portfolio - - - - -	14
 The McIntyre Mine	
Statement of operating income - - - - -	15
Summary of production - - - - -	16
Summary of development and exploration -	16
Copper ore reserves - - - - -	17
Gold ore reserves - - - - -	17
 The Lorraine Mine	
Statement of income - - - - -	17
Financial review - - - - -	18
Exploration offices - - - - -	20

ANNUAL MEETING

The Annual and Special General Meeting of Shareholders will be held at 11:00 o'clock a.m., Wednesday, May 3rd, 1967, in the Alberta Room, Royal York Hotel, Toronto, Ontario.

Capital Stock	Authorized: 3,000,000 shares of no par value Issued: 2,389,182 shares
Location of Mines	The McIntyre Mine, Schumacher, Ontario The Lorraine Mine, Belleterre, Quebec
Executive and Head Office	Suite 1500, 25 King Street West Toronto 1, Ontario
Auditors	Thorne, Gunn, Helliwell & Christenson <i>(successor to Gunn, Roberts and Co.)</i> Chartered Accountants, Toronto
Transfer Agents	Canada Permanent Trust Company, Toronto Bankers Trust Company, New York
Registrars	Crown Trust Company, Toronto The Chase Manhattan Bank (National Association), New York

Directors	J. D. BARRINGTON <i>President and Managing Director</i>
	MARSH A. COOPER <i>Partner in James, Buffam and Cooper, Consulting Geologists</i>
	NORMAN F. W. D'ARCY <i>President, Locana Corporation Limited</i>
	W. B. DIX <i>Vice-President and Treasurer</i>
	H. J. FRASER <i>President and Managing Director, Falconbridge Nickel Mines Limited</i>
	J. C. FRASER <i>Senior Partner, Fraser, Dingman & Co., Investment Brokers</i>
	J. G. GLASSCO <i>President, Brazilian Light and Power Company, Limited</i>
	J. O. HAMBRO <i>Chairman, Hambros Bank, Limited</i>
	S. M. WEDD <i>Director, National Trust Company, Limited</i>
Officers	J. D. BARRINGTON <i>President and Managing Director</i>
	M. L. URQUHART <i>Senior Vice-President</i>
	W. B. DIX <i>Vice-President and Treasurer</i>
	F. T. MCKINNEY <i>Secretary</i>
General Manager	J. K. GODIN <i>Toronto, Ontario</i>
Mine Managers	P. B. McCRODAN <i>The McIntyre Mine, Schumacher, Ont.</i>
	G. E. LACAILLE <i>The Lorraine Mine, Belleterre, Quebec</i>

SUMMARY

	1966	1965
Net income \$	9,028,000	\$ 7,689,000
Per share	\$3.78	\$3.22
Dividends \$	6,438,000	\$ 5,732,000
Per share	\$2.70	\$2.40
Investments		
At cost	\$110,390,000	\$103,033,000
Per share	\$46.20	\$43.14
At market value .	\$176,688,000	\$214,046,000
Per share	\$73.95	\$89.62
Metal production		
Copper - pounds .	14,947,000	13,689,000
Gold - ounces .	127,000	161,000
Nickel - pounds .	1,853,000	1,900,000
Silver - ounces .	172,000	100,000

DIRECTORS' REPORT

to the Shareholders

It is a pleasure to present the fifty-fifth annual report of your company and to report another earnings record.

Net income for 1966 amounted to \$3.78 per share compared with \$3.22 in 1965, an increase of 17%. Although investment income continued to provide the major portion of pre-tax earnings, the profit on mine operations was twice that of the previous year. The decline in gold mining profit was more than offset by increased profit from copper due mainly to the higher prices which prevailed throughout the year. Higher profits from the Lorraine copper-nickel mine also added substantially to the overall increase in earnings. Dividends totalling \$2.70 per share were paid during 1966. This compared with \$2.40 per share in 1965.

The company adopted a different method of recording income taxes in the 1966 financial statements but the change, explained on page 12, in no way affects the amount of taxes paid or the company's cash and working capital position. For comparison purposes, 1965 figures have been restated on the new

basis. If the deferred income tax practice had not been adopted, earnings for 1966 would have been reported at \$3.86 per share compared with \$3.27 for 1965.

McINTYRE MINE

During the year, 665,545 tons of copper ore were milled from which were recovered 10,416,113 pounds of copper and 9,434 ounces of gold. The gold operation produced 113,649 ounces of gold and 9,299 ounces of silver from the milling of 403,665 tons. Revenue for all metals sold amounted to \$10.9 million resulting in an operating profit of \$3.4 million after depreciation and amortization but including Emergency Gold Mining Assistance. Capital expenditures were \$167,200 with \$36,765 being spent underground on the copper operation and the remainder of \$130,435 on surface, mostly for alterations to the copper milling circuit and replacement of equipment.

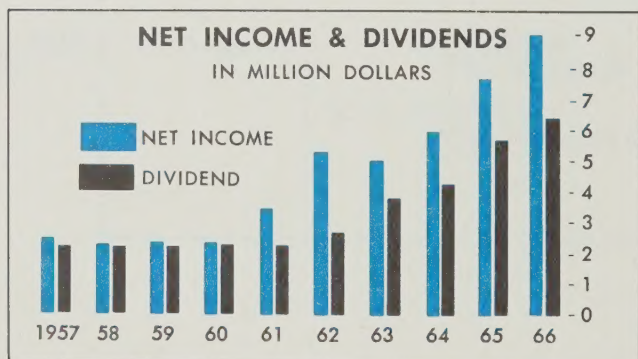
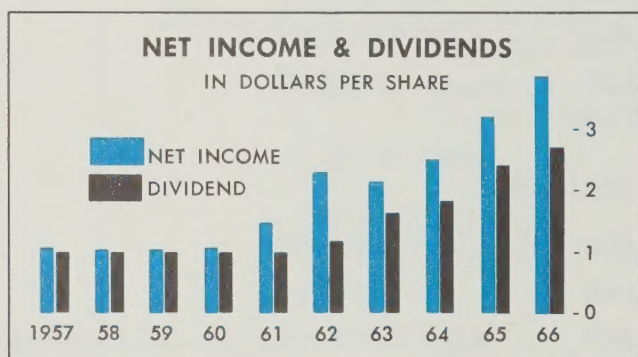
Copper Development

Development amounted to 13,468 feet made up of 10,712 feet of lateral work and 2,756 feet of raising. Of the above total 10,327 feet were for slope preparation and 3,141 feet for permanent openings. Diamond drilling amounted to 24,185 feet. An agreement was reached with Westfield Minerals whereby McIntyre may explore the old Coniaurum mine up to a maximum distance of 500 feet from the common boundary. At the time of writing, limited diamond drilling from 3375 level indicates that the ore extends into Coniaurum with the copper grade being slightly lower and the gold content appearing to be a little higher.

Diamond drilling from 2625 line drive outlined the tops of two stopes with the addition of 160,000 tons and indicated three additional orebodies which require further drilling. Three stopes were pulled empty during the year and a total of 260,000 tons of hydraulic backfill was placed. Long hole drilling in stopes totalled 266,705 feet and 344,000 tons of ore were drilled off but not blasted at the year-end.

Gold Development

Development work in potential ore areas totalled 3,590 feet. On the Hollinger lease



some ore was outlined between the 5525 and the 5675 levels. In the No. 15 shaft area, drifting and diamond drilling indicates an ore shoot between the 7275 and 7575 levels. Exploration is continuing in the hope that reserves here can be enlarged.

Ore Reserves

Copper reserves, defined by drilling, were slightly below last year. Gold reserves declined an estimated 235,000 tons or 21%. Details will be found on page 17.

General

In common with most industries, operations suffered from the lack of skilled miners and tradesmen. Early in the year an underground training programme was started in co-operation with the Federal and Provincial governments. After all trainees had graduated suitable applicants were not available to continue the programme.

CASTLE DIVISION

All known potential ore areas were explored during the early part of the year with negative results. The mine has now been closed and the surface plant and buildings have been sold. Under an agreement with Siscoe Metals of Ontario Limited, that company milled the ore in the surface dump and they will also mine any ore in the party walls.

LORRAINE MINE

The Lorraine mine had a good year in 1966. Metal production from 186,369 tons treated amounted to 4,530,650 pounds of copper and 1,853,374 pounds of nickel. Revenue after marketing charges was \$2.8 million.

Operating profit was \$2 million, and after deducting Quebec mining duties, depreciation and other expenses, the net income was \$1.1 million. Dividends of 35¢ per share were paid during the year.

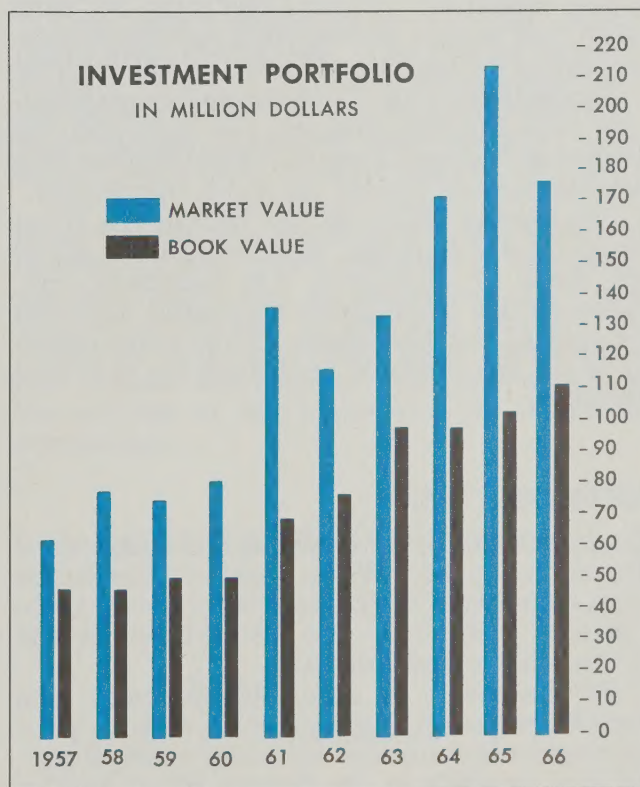
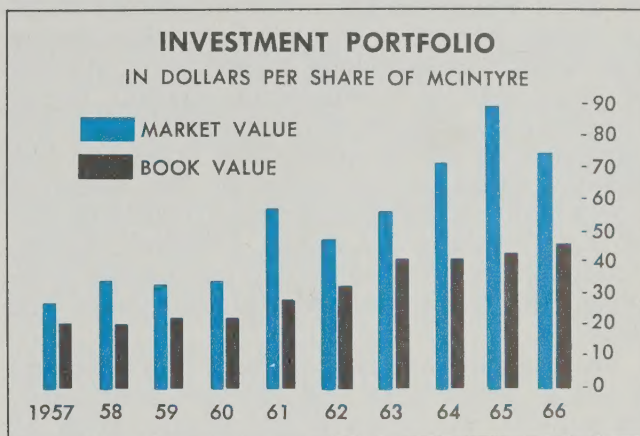
Capital expenditures were \$12,692 mostly for surface plant and equipment.

Surface and underground exploration continued throughout the year, and although some scattered ore grade intersections were obtained in drilling, nothing of importance was discovered. Present ore reserves are sufficient to carry the operation through 1967 but there are still potential ore areas to be investigated. Exploration will continue diligently.

INVESTMENTS

The company increased its investment in Falconbridge Nickel Mines Limited during the year by 122,698 shares and at the year-end held 1,746,101 shares, equivalent to 35.7% of the total issued and outstanding shares of that company.

The company's obligation in the financing of Frobex Limited was fulfilled and all share options were exercised. On December 31, 1966, 1,000,000 shares of Frobex Limited were held. In addition, the company acquired 225,000 shares of Wexford Mines Limited.



A total of \$15.4 million was invested during the year, of which \$11.9 million was provided

from the sale of other investments, mostly short-term securities. The gain resulting from the sale of investments, amounting to \$3.9 million, was credited directly to the surplus account.

The investment portfolio at December 31, 1966 included securities having a quoted market value of \$176.7 million or \$74 per share, compared with \$214.0 million or \$90 per share at the end of 1965.

FALCONBRIDGE

In 1966 Falconbridge achieved record sales of nickel; however, income from this source was lower due primarily to inclusion in sales of non-profit U.S. stock-pile metal. Other unfavourable influences on the nickel division income were higher production costs and the indirect effect of the strike at the Sudbury operations of neighbouring International Nickel Company of Canada, Limited. Again, dividend income from related companies comprised the larger part of Falconbridge's net income.

During the year expansion of Falconbridge facilities in Sudbury and Norway continued. Commencement date for production at Wesfrob, its wholly-owned iron-copper mine, is now scheduled for early 1967, the set-back being due in part to construction delays arising out of labour unrest in British Columbia.

Expenditures by Falconbridge on exploration were increased during the year and the results of this work have indicated further long term sources of ore for its nickel operations.

Dividends received by McIntyre from Falconbridge totalled \$5.9 million or \$2.48 per share of McIntyre. On February 2nd, Falconbridge announced estimated earnings for 1966 of \$5.60 per share. This is equivalent to \$4.09 per share of McIntyre on year-end holdings.

EXPLORATION

Exploration activity continued at a high level during the year. While most of the funds were committed to the search for minerals in Canada, work was also carried on in the United States and Australia.

As the result of a feasibility study, the decision was made to proceed with a pilot mining project on the company's metallurgical coal deposits in the Smoky River area of Alberta. The object is to investigate underground conditions so that mining methods and costs may be determined with greater

accuracy. This project should be completed late in 1967 about the same time as the new Alberta Resources railroad reaches the property. Sales negotiations are continuing with Japanese and North American interests.

As stated under Investments, McIntyre's holdings in Frobex Limited were increased and a direct interest in Wexford Mines Limited was purchased. An important copper deposit was discovered during 1966 on the Wexford claims in the Gaspé Park, Quebec. A major drilling program is being carried out to delineate the ore and to investigate other promising areas on the property.

Airborne geophysical surveys were performed on a 640 square mile concession in the volcanic belt of central Newfoundland. A number of interesting targets were indicated for ground follow-up and drilling in the current year.

Drilling and surface work were continued on McIntyre's large claim holdings in the Gaspé Park, Quebec and further work is required. Diamond drilling in the Mattagami area of Quebec and on an optioned property in the Pine Point area, Northwest Territories, did not encounter anything of interest but the claims are being retained pending other developments that may arise in the respective areas.

North of Timmins, Ontario, your company holds an extensive area of mineral rights under various option agreements and by staking. Some drilling was done during the year and a thorough programme of geological and geophysical evaluation is continuing.

In order to broaden our exposure, participations were taken or continued in several prospecting syndicates or companies organized for a specific type of exploration. A twenty percent interest is held in the Flonatin syndicate which carried out geophysical work and drilling in northern Manitoba and Saskatchewan. Coranex Limited in which McIntyre also holds a twenty percent interest, is a company organized to search for disseminated copper and molybdenum deposits in British Columbia and the Yukon Territory using refined geochemical techniques. A copper discovery was made which will receive further work.

In Maine, a large scale regional geochemical survey was completed and one area was drilled. Nothing of economic interest was found.

A twenty-five percent interest is held in DeNiza Mining Corporation, a company incorporated in the State of Nevada, which performed geophysical work and drilling on

two properties in Arizona and is continuing with a search for copper deposits.

Our wholly-owned Australian subsidiary investigated a number of mining and investment proposals in that country and is conducting basic exploration work. Three areas have been acquired for more intensive examination.

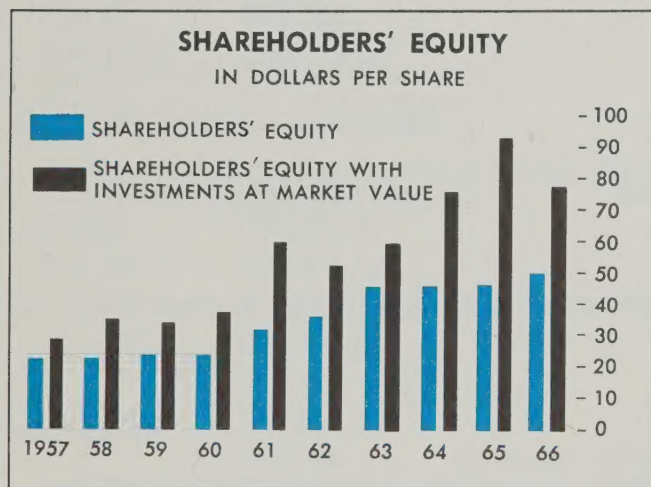
EMPLOYEES

As at December 31, 1966 the Company and its subsidiaries had 909 employees. In addition, 40 former salaried employees and 70 former hourly-rated employees were in receipt of either retirement or long-service gratuity benefits.

The Quarter Century Club held its annual dinner at Schumacher, Ontario, on Saturday, October 29th, 1966, when 20 new members were honoured. Membership now includes 156 active and 93 retired employees.

SHAREHOLDERS

At the year-end, there were 2,389,182 shares of the Company's capital stock issued and outstanding. These shares were held by 3,190 shareholders of record.



Increase from the previous year in the number of shares outstanding represents purchases of 800 shares by employees under the Company's executive and key employees stock option plan approved by the shareholders on May 7th, 1958.

Shares registered in the names of shareholders of record resident in Canada decreased during the year to 68.52% of the total, while holdings of U.S. shareholders of record increased to 28.16%. Other shareholders of record held 3.32% of the issued stock.

OUTLOOK

A number of uncertainties make forecasting the immediate future rather dangerous. The rapid expansion during the past few years in the United States and Canadian economies has levelled off noticeably. The chronic scarcity of suitable manpower for the mining industry, together with unprecedented wage demands and settlements, will continue to have an adverse effect on our competitive position in world markets for some time to come. Nevertheless, we expect that McIntyre's 1967 earnings will equal those for the year under review, and it is likely that the same will apply to Falconbridge. The price of copper will be an important governing factor.

This year's exploration activities should prove most interesting. The further development of Wexford, the underground testing of the Smoky River coal deposits, and the many other projects planned from coast to coast should, with luck, produce rewarding results.

For the continued growth of your Company we are dependent to a great extent on the energy and resourcefulness of the management, staff and all employees who contribute day by day to year-end results. The Directors wish to express their appreciation and thanks to all those who play a part in the success of McIntyre and its associated companies.

On behalf of the Board of Directors,

J. S. Bannington

President and Managing Director

Toronto, February 27, 1967

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1966

	1966	1965
Source of Funds		
Net income for the year	\$ 9,028,000	\$7,689,000
Charges to income not requiring current outlay		
Depreciation and amortization	1,055,000	1,031,000
Income tax reductions deferred to future years (note 6, page 12)	205,000	121,000
Minority interest in net income of subsidiary company	228,000	96,000
Funds from operations	<u>10,516,000</u>	<u>8,937,000</u>
 Proceeds from issue of shares under stock option plan	 65,000	 33,000
Other sources	231,000	61,000
	<u>10,812,000</u>	<u>9,031,000</u>
Application of Funds		
Investment in Falconbridge Nickel Mines Limited	11,875,000	9,688,000
Other investments	3,525,000	3,000
	<u>15,400,000</u>	<u>9,691,000</u>
Deduct proceeds from sales of investments	11,909,000	6,856,000
	<u>3,491,000</u>	<u>2,835,000</u>
 Dividends paid to shareholders	 6,438,000	 5,732,000
Dividends paid to minority shareholders in subsidiary company	280,000	
Additions to plant and equipment, net	114,000	209,000
Development expenditures on coal deposits	400,000	
Other applications	10,000	
	<u>10,733,000</u>	<u>8,776,000</u>
 Increase in working capital	 79,000	 255,000
Working capital at beginning of year	3,358,000	3,103,000
Working capital at end of year	<u>\$ 3,437,000</u>	<u>\$3,358,000</u>

CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1966

MINING	1966	1965
Revenue		
Metal production	\$15,343,000	\$13,336,000
Emergency gold mining assistance	1,163,000	1,277,000
	<u>16,506,000</u>	<u>14,613,000</u>
 Expenses		
Operating costs, other than below	10,936,000	10,954,000
Administrative and general expenses	834,000	858,000
Depreciation (note 4, page 12)	531,000	573,000
Amortization of mine development expenditures (note 4, page 12)	524,000	458,000
	<u>12,825,000</u>	<u>12,843,000</u>
 Operating Income	<u>3,681,000</u>	<u>1,770,000</u>
 INVESTMENT INCOME		
Dividends from Falconbridge Nickel Mines Limited (note 5, page 12)	5,935,000	5,575,000
Other dividends and interest	1,249,000	1,552,000
	<u>7,184,000</u>	<u>7,127,000</u>
 Income before the following deductions	<u>10,865,000</u>	<u>8,897,000</u>
 Deduct:		
Expenditures and participations in outside exploration	1,004,000	947,000
Minority interest in net income of subsidiary company	228,000	96,000
Income taxes (note 6, page 12)		
Current	400,000	44,000
Deferred	205,000	121,000
	<u>1,837,000</u>	<u>1,208,000</u>
 NET INCOME	<u>\$ 9,028,000</u>	<u>\$ 7,689,000</u>
 Earnings per share	<u>\$3.78</u>	<u>\$3.22</u>

MCINTYRE

PORCUPINE MINES LIMITED

(Incorporated under the laws of the Province of Ontario)
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE

ASSETS		1966	1965
Current Assets			
Cash		\$ 1,181,000	\$ 1,578,000
Gold and silver bullion at realizable value		306,000	427,000
Metal settlements outstanding at estimated realizable value		2,762,000	1,683,000
Emergency gold mining assistance receivable		459,000	532,000
Other receivables and prepaid expenses		271,000	167,000
		<u>4,979,000</u>	<u>4,387,000</u>
Investments at cost (note 2, page 12)			
	<i>Quoted Market Value</i>		
	<i>1966</i> <i>1965</i>		
Government and short term securities	\$ 1,665,000 \$ 8,216,000	1,695,000	8,257,000
Shares in Falconbridge Nickel Mines Limited	152,129,000 175,733,000	91,503,000	79,628,000
Listed shares in other companies	22,894,000 30,097,000	15,270,000	15,029,000
Other investments	not quoted not quoted	1,922,000	119,000
	<u>\$176,688,000</u> <u>\$214,046,000</u>	<u>110,390,000</u>	<u>103,033,000</u>
Fixed Assets			
Plant and equipment at cost		11,209,000	11,820,000
Less accumulated depreciation		9,214,000	9,408,000
		<u>1,995,000</u>	<u>2,412,000</u>
Mining properties and rights—Lorraine property at cost and other properties and rights at nominal value		351,000	351,000
		<u>2,346,000</u>	<u>2,763,000</u>
Other Assets and Deferred Charges			
Supplies at cost		555,000	786,000
Mine development expenditures, less amortization		1,887,000	2,011,000
Other assets and deferred charges		154,000	143,000
		<u>2,596,000</u>	<u>2,940,000</u>
		<u>\$120,311,000</u>	<u>\$113,123,000</u>

HEET — DECEMBER 31, 1966

LIABILITIES		1966	1965
Current Liabilities			
Accounts payable and accrued liabilities	\$	851,000	\$ 939,000
Income taxes and government royalties		691,000	90,000
		<u>1,542,000</u>	<u>1,029,000</u>
Deferred Income Taxes (<i>note 6, page 12</i>)		<u>468,000</u>	<u>263,000</u>
Minority Interest			
Interest of minority shareholders in subsidiary company .		<u>428,000</u>	<u>480,000</u>
Shareholders' Equity			
Capital stock (<i>note 3, page 12</i>)			
Authorized—3,000,000 shares of no par value			
Issued —2,389,182 shares (1965—2,388,382 shares) .		6,177,000	6,112,000
Earned surplus		111,696,000	105,239,000
		<u>117,873,000</u>	<u>111,351,000</u>

APPROVED ON BEHALF OF THE BOARD:

J. D. BARRINGTON, *Director*

W. B. DIX, *Director*

<u>\$120,311,000</u>	<u>\$113,123,000</u>
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1966

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the wholly owned subsidiary companies and Lorraine Mining Company Limited, a subsidiary company in which 80 % of the issued shares are held.

2. INVESTMENTS

Because of the number of shares involved, the quoted market value of shares in Falconbridge Nickel Mines Limited and listed shares in other companies is not necessarily indicative of the amount that would be realized if they were to be sold.

3. CAPITAL STOCK

During 1966, 800 shares were issued for \$65,072 cash under the executive and key employees stock option plan. Of the 150,000 shares set aside in 1958 for purchase under the plan, 90,150 had been issued to December 31, 1966 and at that date employees held options at \$81.34 per share on 2,800 shares expiring on October 15, 1970.

4. DEPRECIATION AND AMORTIZATION

Depreciation of plant and equipment has been provided at annual rates, applied to cost of assets not fully depreciated, of 10 % for the McIntyre mine and 25 % for the Lorraine mine. Mine development expenditures to bring the companies' orebodies into production are being amortized over the life of the estimated ore reserves.

5. FALCONBRIDGE NICKEL MINES LIMITED

Income from the investment in Falconbridge Nickel Mines Limited has been included in the statement of income only to the extent of dividends received. At December 31, 1965 the company's interest in earnings retained by Falconbridge since acquisition of shares in that company in 1962, including profit on sale of investments, amounted to \$10,342,000. Earnings of Falconbridge for 1966, based on the estimate of \$5.60 per share announced February 2, 1967, exceed by \$3,528,000 the amount of dividends received (\$3,115,000 in 1965).

6. INCOME TAXES

Depreciation and amortization of mine development costs are charged to income in the accounts in conformity with the company's regular practice. However, deductions for tax purposes in respect of these costs exceed amounts charged to income in the accounts and, as a result, income taxes payable are reduced. Prior to 1966 such reductions were reflected in the year the claims for tax purposes were made. In 1966 the company adopted the "deferred tax" accounting method under which the income taxes charged in the accounts reflect the full amount of taxes applicable to the income included in the statement of income and the tax reductions are shown in the balance sheet as deferred income taxes.

The tax reductions for 1966 amounted to \$205,000. For purposes of comparison, 1965 figures have been restated to reflect similar deferred tax reductions of \$121,000 applicable to that year. In addition, earned surplus as of January 1, 1965 has been restated and reduced by \$142,000 for tax reductions applicable to 1964. The aggregate of \$468,000 at December 31, 1966 is shown in the balance sheet as deferred income taxes. In future years when depreciation and amortization deductions for tax purposes are less than the amounts charged to income in the accounts, the deferred income taxes account will be reduced and the applicable tax reductions transferred to income.

Income from operation of the Lorraine mine is exempt from tax for a three year period from January 1, 1965 and dividends from taxable Canadian companies are not subject to further tax in the hands of the company.

The United States Treasury Department has claimed additional income taxes of \$1,325,000 for the 1962 and 1963 taxation years of a subsidiary company. No provision has been made for such taxes as United States legal counsel has advised that the subsidiary company should be successful in its denial of liability.

7. DIRECTORS' FEES

Remuneration paid by the consolidated companies to the directors, for their services as directors, amounted to \$22,500 in 1966 (\$22,500 in 1965).

8. PENSION PLAN

Under the contributory retirement pension plan, established in 1960, the company makes contributions each year in respect of both current services of employees and past services rendered prior to the introduction of the plan. The amount required at December 31, 1966 to complete the funding of the past service cost is approximately \$500,000.

9. PROFIT ON SALE OF INVESTMENTS

In accordance with the company's usual accounting practice, profit on sale of investments is shown in the statement of earned surplus in the accompanying financial statements. In the financial statements filed with the U.S. Securities and Exchange Commission, and as required by the Commission, this profit is shown in the statement of income as a special item after net income for the year.

CONSOLIDATED STATEMENT OF EARNED SURPLUS

Year ended December 31, 1966

	1966	1965
Balance at beginning of year (<i>note 6, page 12</i>)	\$105,239,000	\$102,732,000
Profit on sale of investments	3,867,000	550,000
	<hr/> 109,106,000	<hr/> 103,282,000
Net income for the year	9,028,000	7,689,000
Deduct dividends	6,438,000	5,732,000
	<hr/> 2,590,000	<hr/> 1,957,000
Balance at end of year	<hr/> \$111,696,000	<hr/> \$105,239,000

GUNN, ROBERTS AND CO.

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
McIntyre Porcupine Mines Limited:

We have examined the consolidated balance sheet of McIntyre Porcupine Mines Limited and subsidiary companies as at December 31, 1966 and the consolidated statements of income, earned surplus and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1966 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
February 2, 1967


CHARTERED ACCOUNTANTS

INVESTMENT PORTFOLIO

On December 31, 1966, the investment portfolio of the Company and its subsidiary companies included:

\$1,625,000 par value Government Bonds and Short Term Securities

400,000*	shares	Algoma Steel Corporation Limited
125,000	"	Bell Telephone Company of Canada
3,600	"	Canadian Imperial Bank of Commerce
32,900	"	Charter Consolidated Limited
9,000	"	Cominco Limited
24,500	"	Dome Mines Limited
1,746,101	"	Falconbridge Nickel Mines Limited
1,000,000	"	Frobex Limited
50,000	"	Opemiska Copper Mines (Quebec) Limited
80,000	"	Steel Company of Canada Limited
225,000	"	Wexford Mines Limited

*—Stock split 2-for-1 May 12, 1966

Other sundry investments were held having quoted market values aggregating \$869,000. Investments having no quoted market values have been included in the accounts at cost aggregating \$1,922,000.

THE MCINTYRE MINE

SCHUMACHER, ONTARIO

STATEMENT OF OPERATING INCOME

COPPER OPERATIONS

	1966		1965	
	Total	Per lb. Copper	Total	Per lb. Copper
Copper, gold and silver produced	\$6,651,000	\$ 0.63	\$4,174,000	\$ 0.46
Operating costs:				
Mine development and exploration	609,000	.06	603,000	.07
Breaking and stoping	1,067,000	.10	712,000	.08
Milling	502,000	.05	387,000	.04
Marketing expense	873,000	.08	698,000	.08
Royalty under Ontario Mining Tax Act	204,000	.02	28,000	
Depreciation	143,000	.01	127,000	.01
Amortization of preproduction development expenditures	179,000	.02	157,000	.02
	<u>3,577,000</u>	<u>.34</u>	<u>2,712,000</u>	<u>.30</u>
Operating income	<u>\$3,074,000</u>	<u>\$.29</u>	<u>\$1,462,000</u>	<u>\$.16</u>

GOLD OPERATIONS

	1966		1965	
	Total	Per Fine Ounce Gold	Total	Per Fine Ounce Gold
Gold and silver produced	\$4,299,000	\$37.83	\$5,594,000	\$37.87
Emergency gold mining assistance	1,163,000	10.23	1,277,000	8.64
	<u>5,462,000</u>	<u>48.06</u>	<u>6,871,000</u>	<u>46.51</u>
Operating costs:				
Mine development and exploration	405,000	3.56	472,000	3.20
Breaking and stoping	3,793,000	33.38	4,404,000	29.81
Milling	778,000	6.85	794,000	5.37
Marketing expense	30,000	.26	39,000	.26
Royalty under Ontario Mining Tax Act	0		17,000	.12
Municipal and provincial taxes and lease rentals	49,000	.43	47,000	.32
Depreciation	74,000	.65	113,000	.76
	<u>5,129,000</u>	<u>45.13</u>	<u>5,886,000</u>	<u>39.84</u>
Operating income	<u>\$ 333,000</u>	<u>\$ 2.93</u>	<u>\$ 985,000</u>	<u>\$ 6.67</u>
Total operating income—copper and gold	<u>\$3,407,000</u>		<u>\$2,447,000</u>	

THE McINTYRE MINE

SCHUMACHER, ONTARIO

SUMMARY OF PRODUCTION-GOLD OPERATIONS

Date	Period	Tons Milled	Value per Ton	Gross Value	Recovery per ton	Total Value	Price Received per Oz. for Gold
Jan. 1/12 to June 30/17	5½ years	433,198	\$ 8.96	\$ 3,883,240	\$ 8.46	\$ 3,665,155	\$20.67
July 1/17 to June 30/22	5 years	912,923	10.74	9,808,477	10.20	9,307,514	20.67
July 1/22 to Mar. 31/27	4¾ years	1,847,332	9.09	16,794,060	8.58	15,849,393	20.67
Apr. 1/27 to Mar. 31/32	5 years	2,822,265	8.43	23,780,519	8.00	22,572,502	20.96
Apr. 1/32 to Mar. 31/37	5 years	4,112,745	9.87	40,603,475	9.42	38,761,694	31.63
Apr. 1/37 to Mar. 31/42	5 years	4,373,380	10.54	46,097,263	10.02	43,807,195	36.88
Apr. 1/42 to Mar. 31/47	5 years	3,189,120	11.28	35,958,053	10.81	34,484,765	37.85
Apr. 1/47 to Mar. 31/52	5 years	3,549,910	10.66	37,835,518	10.16	36,075,779	36.23
Apr. 1/52 to Dec. 31/56	4¾ years	3,436,010	10.05	34,519,353	9.61	33,027,827	34.32
Jan. 1/57 to Dec. 31/57	12 months	771,560	10.04	7,748,819	9.63	7,432,203	33.60
Jan. 1/58 to Dec. 31/58	12 months	802,870	10.12	8,121,587	9.72	7,807,604	33.95
Jan. 1/59 to Dec. 31/59	12 months	773,980	10.35	8,008,291	9.94	7,696,676	33.56
Jan. 1/60 to Dec. 31/60	12 months	775,596	10.07	7,808,653	9.58	7,427,070	33.98
Jan. 1/61 to Dec. 31/61	12 months	740,917	11.13	8,245,591	10.62	7,865,329	35.50
Jan. 1/62 to Dec. 31/62	12 months	717,812	12.26	8,798,735	11.73	8,422,377	37.41
Jan. 1/63 to Dec. 31/63	12 months	687,082	11.35	7,798,381	10.87	7,471,353	37.75
Jan. 1/64 to Dec. 31/64	12 months	626,182	11.30	7,077,558	10.72	6,711,355	37.74
Jan. 1/65 to Dec. 31/65	12 months	512,545	11.51	5,899,190	10.91	5,593,519	37.73
Jan. 1/66 to Dec. 31/66	12 months	403,665	11.50	4,643,395	10.65	4,299,217	37.72
		<u>31,489,092</u>	<u>\$10.27</u>	<u>\$323,430,158</u>	<u>\$ 9.79</u>	<u>\$308,278,527</u>	

SUMMARY OF DEVELOPMENT AND EXPLORATION TO DECEMBER 31, 1966

	1966		Total to Date	
	Copper	Gold	Copper	Gold
Drifting	} 10,712 feet	2,157 feet	} 60,034 feet	671,564 feet
Crosscutting		1,068 "		309,183 "
Raising	2,756 "	365 "	19,539 "	61,639 "
Shafts and winzes	0 "	0 "	0 "	21,835 "
Diamond drilling	24,185 "	25,636 "	326,629 "	3,466,715 "

THE MCINTYRE MINE

SCHUMACHER, ONTARIO

COPPER ORE RESERVES

	1966			1965		
	Tons	Copper Tons	%	Tons	Copper Tons	%
Defined by drilling	3,676,000	32,183	0.88	3,426,000	34,348	1.00
Broken	289,000	2,525	0.88	297,430	2,916	0.98
	<u>3,965,000</u>	<u>34,708</u>	<u>0.88</u>	<u>3,723,430</u>	<u>37,264</u>	<u>1.00</u>

GOLD ORE RESERVES

	1966		1965	
	Tons	Fine Ounces Gold	Tons	Fine Ounces Gold
Estimated in place	804,000	268,400	1,036,000	333,592
Broken ore	54,000	12,800	57,000	14,478
	<u>858,000</u>	<u>281,200</u>	<u>1,093,000</u>	<u>348,070</u>
Average grade per ton		<u>.328</u>		<u>.318</u>

THE LORRAINE MINE

BELLETERRE, QUEBEC

STATEMENT OF INCOME

	1966	1965
Metal production	\$4,305,000	\$3,569,000
Operating costs:		
Marketing expense	1,494,000	1,469,000
Mine development and exploration	147,000	167,000
Breaking and stoping	450,000	523,000
Milling	209,000	222,000
Royalty under Quebec Mining Tax Act	143,000	40,000
Municipal and provincial taxes and lease rentals	12,000	7,000
Administrative and general expense	18,000	10,000
Interest—net	(11,000)	28,000
	<u>2,462,000</u>	<u>2,466,000</u>
Income before the following write-offs	1,843,000	1,103,000
Deduct:		
Depreciation	325,000	321,000
Amortization of mine development expenditures	345,000	301,000
Outside exploration expenditures	34,000	0
	<u>704,000</u>	<u>622,000</u>
Net income	<u>\$1,139,000</u>	<u>\$ 481,000</u>

Mine came into production on January 1, 1965

MCINTYRE

PORCUPINE MINES LIMITED
and consolidated subsidiary companies

FINANCIAL REVIEW

	1966	1965	1964	1963
Metal Sales	\$15,343,000	\$13,336,000	\$ 9,655,000	\$ 8,197,000
Emergency gold mining assistance	1,163,000	1,277,000	1,085,000	1,340,000
	<u>16,506,000</u>	<u>14,613,000</u>	<u>10,740,000</u>	<u>9,537,000</u>
Operating costs*	12,825,000	12,843,000	9,780,000	9,077,000
Operating income	<u>3,681,000</u>	<u>1,770,000</u>	<u>960,000</u>	<u>460,000</u>
Investment income	<u>7,184,000</u>	<u>7,127,000</u>	<u>6,013,000</u>	<u>5,189,000</u>
Income before the following deductions	10,865,000	8,897,000	6,973,000	5,649,000
Outside exploration expenditures	1,004,000	947,000	708,000	510,000
Income taxes: Current	400,000	44,000	133,000	104,000
Deferred	205,000	121,000	142,000	0
Minority interest in income	228,000	96,000	0	13,000
Net income	<u>9,028,000</u>	<u>7,689,000</u>	<u>5,990,000</u>	<u>5,022,000</u>
Net income per share	3.78	3.22	2.51	2.10
Dividends paid per share	2.70	2.40	1.80	1.60
INVESTMENTS				
At cost	110,390,000	103,033,000	99,647,000	99,014,000
Per share	46.20	43.14	41.73	41.48
At quoted market value	176,688,000	214,046,000	172,442,000	134,068,000
Per share	73.95	89.62	72.21	56.16
Working capital	3,437,000	3,358,000	3,103,000	2,662,000
Investments at cost	110,390,000	103,033,000	99,646,000	99,014,000
Fixed assets at depreciated value	2,346,000	2,763,000	3,127,000	1,473,000
Other assets	2,596,000	2,940,000	3,460,000	3,727,000
Deferred income taxes	(468,000)	(263,000)	(142,000)	0
Minority interest in assets	(428,000)	(480,000)	(383,000)	0
Shareholders' equity at book value	<u>117,873,000</u>	<u>111,351,000</u>	<u>108,811,000</u>	<u>106,876,000</u>
Per share	49.34	46.62	45.57	44.77
Shareholders' equity with investments at market	184,171,000	222,364,000	181,606,000	141,930,000
Per share	77.09	93.10	76.05	59.46

Notes—*Includes depreciation and amortization of mine development expenditures.
Adjusted for 3-for-1 stock split in 1959.
Adjusted for deferred income taxes—1964 and 1965.

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1962	1961	1960	1959	1958	1957
9,680,000	\$ 8,879,000	\$ 8,571,000	\$ 8,792,000	\$ 9,054,000	\$ 8,964,000
1,065,000	1,409,000	1,201,000	816,000	931,000	709,000
10,745,000	10,288,000	9,772,000	9,608,000	9,985,000	9,673,000
9,326,000	9,485,000	9,166,000	8,739,000	9,066,000	8,887,000
1,419,000	803,000	606,000	869,000	919,000	786,000
4,649,000	3,111,000	2,261,000	2,194,000	2,195,000	2,455,000
6,068,000	3,914,000	2,867,000	3,063,000	3,114,000	3,241,000
667,000	358,000	416,000	534,000	533,000	414,000
68,000	85,000	56,000	18,000	224,000	254,000
0	0	0	0	0	0
2,000	2,000	3,000	99,000	40,000	103,000
5,331,000	3,469,000	2,392,000	2,412,000	2,317,000	2,470,000
2.24	1.47	1.04	1.05	1.01	1.08
1.15	1.00	1.00	1.00	1.00	1.00
77,271,000	69,302,000	51,182,000	51,291,000	48,604,000	48,043,000
32.50	29.30	22.24	22.31	21.24	21.00
17,644,000	137,421,000	81,365,000	75,760,000	78,736,000	63,977,000
49.48	58.09	35.36	32.95	34.42	27.96
3,997,000	1,272,000	1,364,000	938,000	752,000	404,000
77,271,000	69,302,000	51,182,000	51,291,000	48,604,000	48,043,000
1,278,000	636,000	628,000	477,000	606,000	700,000
2,164,000	1,420,000	1,148,000	937,000	951,000	981,000
0	0	0	0	0	0
(30,000)	(27,000)	(25,000)	(22,000)	(1,980,000)	(2,065,000)
84,680,000	72,603,000	54,297,000	53,621,000	48,933,000	48,063,000
35.61	30.69	23.59	23.32	21.39	21.01
25,053,000	140,722,000	84,480,000	78,090,000	79,065,000	63,997,000
52.59	59.49	36.71	33.96	34.56	27.97

EXPLORATION OFFICES

In Canada

Toronto, Ontario	Suite 1500 25 King Street West
Schumacher, Ontario	P.O. Box 970 Timmins
Bourlamaque, Quebec	Room 2, Town Hall
Vancouver, British Columbia	Suite 1023 409 Granville Street

In Australia

McIntyre Mines (Australia) Pty. Ltd. . .	8-12 Bridge Street Sydney, New South Wales
{ <i>Managing Director—</i> }	
{ G. B. DARLING }	

BUREAUX D'EXPLORATION

Au Canada

Toronto, Ontario	Bureau 1500,	25 ouest, rue King	C.P. 970,	Timmins	Bureau 2, Hôtel de Ville	Bourlamaque, Québec	Vancouver, Colombie Britannique	Bureau 1023,	409, rue Granville
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En Australie

McIntyre Mines (Australia) Pty. Ltd.	8-12 Bridge Street,	Sydney, New South Wales	{ Directeur-gérant } { G. B. DARLING }					
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\$ 9,680,000	\$ 8,879,000	\$ 8,571,000	\$ 8,792,000	\$ 9,054,000	\$ 8,964,000
1,065,000	1,409,000	1,201,000	816,000	931,000	709,000
10,745,000	10,288,000	9,772,000	9,608,000	9,985,000	9,673,000
9,326,000	9,485,000	9,166,000	8,739,000	9,066,000	8,887,000
1,419,000	803,000	606,000	869,000	919,000	786,000
4,649,000	3,111,000	2,261,000	2,194,000	2,195,000	2,455,000
6,068,000	3,914,000	2,867,000	3,063,000	3,114,000	3,241,000
667,000	358,000	416,000	534,000	533,000	414,000
68,000	85,000	56,000	18,000	224,000	254,000
0	0	0	0	0	0
2,000	2,000	3,000	99,000	40,000	103,000
5,331,000	3,469,000	2,392,000	2,412,000	2,317,000	2,470,000
2.24	1.47	1.04	1.05	1.01	1.08
1.15	1.00	1.00	1.00	1.00	1.00
77,271,000	69,302,000	51,182,000	51,291,000	48,604,000	48,043,000
32.50	29.30	22.24	22.31	21.24	21.00
117,644,000	137,421,000	81,365,000	75,760,000	78,736,000	63,977,000
49.48	58.09	35.36	32.95	34.42	27.96
3,997,000	1,272,000	1,364,000	938,000	752,000	404,000
77,271,000	69,302,000	51,182,000	51,291,000	48,604,000	48,043,000
1,278,000	636,000	628,000	477,000	606,000	700,000
2,164,000	1,420,000	1,148,000	937,000	951,000	981,000
0	0	0	0	0	0
(30,000)	(27,000)	(25,000)	(22,000)	(1,980,000)	(2,065,000)
84,680,000	72,603,000	54,297,000	53,621,000	48,933,000	48,063,000
35.61	30.69	23.59	23.32	21.39	21.01
125,053,000	140,722,000	84,480,000	78,090,000	79,065,000	63,997,000
52.59	59.49	36.71	33.96	34.56	27.97

MCINTYRE

PORCUPINE MINES LIMITED

ET SES FILIALES

REVUE FINANCIERE

	1986	1985	1984	1983
Ventes de métaux	\$15,343,000	\$13,336,000	\$ 9,655,000	\$ 8,197,000
Aide à l'exploitation des mines d'or	1,163,000	1,277,000	1,085,000	1,340,000
Frais d'exploitation *	16,506,000	14,613,000	10,740,000	9,537,000
Revenu d'exploitation	3,681,000	1,770,000	960,000	460,000
Revenu de placements	7,184,000	7,127,000	6,013,000	5,189,000
Revenu avant les déductions suivantes	10,865,000	8,897,000	6,973,000	5,649,000
Dépenses de recherche hors des mines	1,004,000	947,000	708,000	510,000
Impôts sur le revenu: courants	400,000	44,000	133,000	104,000
reportés	205,000	121,000	142,000	0
Intérêt minoritaire dans le revenu	228,000	96,000	5,990,000	5,022,000
Revenu net	9,028,000	7,689,000	2,51	2,10
Revenu net par action	3.78	3.22	1.80	1.60
Dividendes versés, par action	2.70	2.40		
PLACEMENTS				
Au prix coûtant	110,390,000	103,033,000	99,647,000	99,014,000
Par action	46.20	43.14	41.73	41.48
A la valeur cotée du marché	176,688,000	214,046,000	172,442,000	134,068,000
Par action	73.95	89.62	72.21	56.16
Fonds de roulement	3,437,000	3,358,000	3,103,000	2,662,000
Placements, au prix coûtant	110,390,000	103,033,000	99,646,000	99,014,000
Immobiliations, à leur valeur amortie	2,346,000	2,763,000	3,127,000	1,473,000
Autres valeurs actives	2,596,000	2,940,000	3,460,000	3,727,000
Impôts sur le revenu reportés	(468,000)	(263,000)	(142,000)	0
Intérêt minoritaire dans l'actif	(428,000)	(480,000)	(383,000)	0
Avoir des actionnaires à sa valeur comptable	117,873,000	111,351,000	108,811,000	106,876,000
Par action	49.34	46.62	45.57	44.77
Avoir des actionnaires avec les placements à leur valeur du marché	184,171,000	222,364,000	181,606,000	141,930,000
Par action	77.09	93.10	76.05	59.46

Notes—*Ces frais comprennent l'amortissement et l'amortissement des frais de développement des mines. Ajustés au fractionnement I-3 des actions en 1959. Ajustés pour impôts sur le revenu reportés—1964 et 1965.

THE MCINTYRE MINE

SCHUMACHER, ONTARIO

RÉSERVES DE MINÉRAI CUPRIFÈRE

Gisements délimités par les sondages	Tonnes	Cuivre, tonnes	%	Tonnes	Cuivre, tonnes	%
Minérai abattu	3,676,000	32,183	0.88	3,426,000	34,348	1.00
	289,000	2,525	0.88	297,430	2,916	0.98
	3,965,000	34,708	0.88	3,723,430	37,264	1.00

1966

1965

RÉSERVES DE MINÉRAI AURIFÈRE

Estimation des gisements	Tonnes	Or fin, onces	Moyenne de la teneur, la tonne	Tonnes	Or fin, onces
Minérai abattu	804,000	268,400	54,000	1,036,000	333,592
	54,000	12,800	57,000	14,478	348,070
	858,000	281,200	328	1,093,000	318

1966

1965

THE LORRAINE MINE

BELLETERRE, QUÉBEC

ÉTAT DU REVENU

Production de métaux	\$4,305,000	\$3,569,000
Frais d'exploitation:		
Services commerciaux	1,494,000	1,469,000
Développement et exploration	147,000	167,000
Abattage	450,000	523,000
Traitement	209,000	222,000
Redevances au titre de la loi de l'impôt sur les mines du Québec	143,000	40,000
Taxes municipales, impôt provincial et loyers de concession	12,000	7,000
Frais administratifs et généraux	18,000	10,000
Intérêt—net	(11,000)	28,000
Revenu avant la déduction des montants suivants	1,843,000	1,103,000
Moins:		
Amortissement	325,000	321,000
Amortissement des dépenses de développement des mines	345,000	301,000
	34,000	0
	704,000	622,000
Revenu net	\$1,139,000	\$ 481,000

La mine est exploitée depuis le 1er janvier 1965

91

Date	Période	Tonnes de minerai traité	Valeur la tonne	Valeur brute	Récupération, la tonne	Valeur totale	Prix touché, l'once d'or
Du 1er jan./12 au 30 juin/17	5½ années	433,198	\$ 8.96	\$ 3,883,240	\$ 8.46	\$ 3,665,155	\$20.67
Du 1er juil./17 au 30 juin/22	5 années	912,923	10.74	9,808,477	10.20	9,307,514	20.67
Du 1er juil./22 au 31 mars/27	4¼ années	1,847,332	9.09	16,794,060	8.58	15,849,393	20.67
Du 1er avril/27 au 31 mars/32	5 années	2,822,265	8.43	23,780,519	8.00	22,572,502	20.96
Du 1er avril/32 au 31 mars/37	5 années	4,112,745	9.87	40,603,475	9.42	38,761,694	31.63
Du 1er avril/37 au 31 mars/42	5 années	4,373,380	10.54	46,097,263	10.02	43,807,195	36.88
Du 1er avril/42 au 31 mars/47	5 années	3,189,120	11.28	35,958,053	10.81	34,484,765	37.85
Du 1er avril/47 au 31 mars/52	5 années	3,549,910	10.66	37,835,518	10.16	36,075,779	36.23
Du 1er avril/52 au 31 déc./56	4¾ années	3,436,010	10.05	34,519,353	9.61	33,027,827	34.32
Du 1er jan./57 au 31 déc./57	12 mois	771,560	10.04	7,748,819	9.63	7,432,203	33.60
Du 1er jan./58 au 31 déc./58	12 mois	802,870	10.12	8,121,587	9.72	7,807,604	33.95
Du 1er jan./59 au 31 déc./59	12 mois	773,980	10.35	8,008,291	9.94	7,696,676	33.56
Du 1er jan./60 au 31 déc./60	12 mois	775,596	10.07	7,808,653	9.58	7,427,070	33.98
Du 1er jan./61 au 31 déc./61	12 mois	740,917	11.13	8,245,591	10.62	7,865,329	35.50
Du 1er jan./62 au 31 déc./62	12 mois	717,812	12.26	8,798,735	11.73	8,422,377	37.41
Du 1er jan./63 au 31 déc./63	12 mois	687,082	11.35	7,798,381	10.87	7,471,353	37.75
Du 1er jan./64 au 31 déc./64	12 mois	626,182	11.30	7,077,558	10.72	6,711,355	37.74
Du 1er jan./65 au 31 déc./65	12 mois	512,545	11.51	5,899,190	10.91	5,593,519	37.73
Du 1er jan./66 au 31 déc./66	12 mois	403,665	11.50	4,643,395	10.65	4,299,217	37.72
		31,489,092	\$10.27	\$323,430,158	\$ 9.79	\$308,278,527	

SCHUMACHER, ONTARIO

ÉTAT DU REVENU D'EXPLOITATION

EXPLOITATION CURRIERE

1966		1965	
Par lb de cuivre	Total	Par lb de cuivre	Total
\$ 0.63	\$4,174,000	\$ 0.46	\$4,174,000
Frais d'exploitation:			
Développement des mines et exploration			
0.06	609,000	0.07	603,000
Abattage			
1.10	1,067,000	0.08	712,000
Traitement			
0.05	502,000	0.04	387,000
Services commerciaux			
0.08	873,000	0.08	698,000
Redevances au titre de la loi de l'impôt sur les			
mines de l'Ontario			
0.02	204,000	0.02	28,000
Amortissement			
0.01	143,000	0.01	127,000
Amortissement des dépenses préliminaires à la			
production			
0.02	179,000	0.02	157,000
0.34	3,577,000	0.30	2,712,000
\$ 2.29	\$3,074,000	\$ 1.16	\$1,462,000
Revenu d'exploitation			

EXPLOITATION AURIÈRE

1966		1965	
Par once d'or fin	Total	Par once d'or fin	Total
\$4,299,000	\$5,594,000	\$37.83	\$37.87
1,163,000	1,277,000	10.23	8.64
5,462,000	6,871,000	48.06	46.51
Frais d'exploitation:			
Développement des mines et exploration			
405,000	472,000	3.56	3.20
3,793,000	4,404,000	33.38	29.81
778,000	794,000	6.85	5.37
30,000	39,000	.26	.26
Redevances au titre de la loi de l'impôt sur les			
mines de l'Ontario			
0	17,000		12
Taxes municipales, impôt provincial et loyers			
49,000	47,000	.43	.32
74,000	113,000	.65	.76
5,129,000	5,886,000	45.13	39.84
\$ 333,000	\$ 985,000	\$ 2.93	\$ 6.67
Revenu d'exploitation			
\$3,407,000	\$2,447,000		
Revenu total d'exploitation-cuivre et or			

PORTFEUILLE DE PLACEMENTS

Au 31 décembre 1966, le portefeuille de placements de la Compagnie et de ses filiales se répartissait comme suit:

\$1,625,000 en obligations du gouvernement et en obligations à court terme selon leur valeur au pair

400,000* actions d'Algoma Steel Corporation Limited

125,000 " de Bell Telephone Company of Canada

3,600 " de Canadian Imperial Bank of Commerce

32,900 " de Charter Consolidated Limited

9,000 " de Cominco Limited

24,500 " de Dome Mines Limited

1,746,101 " de Falconbridge Nickel Mines Limited

1,000,000 " de Frobex Limited

50,000 " de Opemiska Copper Mines (Quebec) Limited

80,000 " de Steel Company of Canada Limited

225,000 " de Wexford Mines Limited

*—Les actions furent changées à 2 pour 1 le 12 mai 1966

D'autres placements divers étaient détenus ayant des valeurs globales sur le marché estimé de la bourse de \$869,000. Des placements n'ayant pas de valeurs estimées sur la Bourse ont été inclus dans les comptes au coût global de \$1,922,000.

ÉTAT CONSOLIDÉ DU SURPLUS D'EXPLOITATION

pour l'exercice terminé le 31 décembre 1966

1966	1965
\$105,239,000	\$102,732,000
3,867,000	550,000
109,106,000	103,282,000
9,028,000	7,689,000
6,438,000	5,732,000
2,590,000	1,957,000
\$111,696,000	\$105,239,000
Revenu net de l'exercice	Revenu net de l'exercice
Moins les dividendes	Moins les dividendes
Revenu net sur la vente de placements	Revenu net sur la vente de placements
Solde au début de l'exercice (note 6, page 12)	Solde à la fin de l'exercice

GUNN, ROBERTS AND CO.

COMPTABLES AGRÉÉS

RAPPORT DES VÉRIFICATEURS

Aux actionnaires de

McIntyre Porcupine Mines Limited

Nous avons examiné le bilan consolidé de McIntyre Porcupine Mines Limited et ses filiales au 31 décembre 1966 et les états consolidés du revenu, du surplus d'exploitation et de source et emploi des fonds pour l'exercice terminé à cette date. Notre examen a comporté une revue générale des procédés comptables et tels sondages des livres et pièces comptables et autres preuves à l'appui que nous avons jugés nécessaires dans les circonstances.

A notre avis, ces états financiers consolidés présentent équitablement la situation financière des compagnies au 31 décembre 1966, le résultat de leurs opérations et la source et l'emploi de leurs fonds pour l'exercice terminé à cette date, conformément aux principes comptables généralement reconnus, appliqués de la même manière qu'au cours de l'exercice précédent.

Gunn, Roberts
COMPTABLES AGRÉÉS

Toronto, Canada
le 2 février 1967

NOTES AUX ETATS FINANCIERS CONSOLIDES

le 31 décembre 1966

1. PRINCIPE DE CONSOLIDATION

Les états financiers consolidés comprennent les comptes des filiales en propriété exclusive et ceux de Lorraine Mining Company Limited, une filiale dont nous détenons 80 % des actions émises.

2. PLACEMENTS

Etant donné la quantité d'actions impliquées, la valeur cotée du marché des actions de Falconbridge Nickel Mines Limited et des actions inscrites à la cote officielle d'autres compagnies, ne représente pas nécessairement le montant qui serait réalisé à leur vente.

3. CAPITAL-ACTIONS

Au cours de 1966, 800 actions ont été émises moyennant \$65,072 comptant en vertu du plan d'achat pour les membres des cadres et du personnel clé. Sur les 150,000 actions mises de côté en 1958 en vue de l'achat aux termes de ce plan, 90,150 actions avaient été émises au 31 décembre 1966 et, à cette date, les employés détenaient des options à \$81.34 l'action sur les 2,800 actions qui arriveront à échéance le 15 octobre 1970.

4. AMORTISSEMENT

L'amortissement de l'usine et de l'équipement a été prévue aux taux annuels, appliqués au prix coûtant des valeurs actives qui ne sont pas encore entièrement amorties, de 10 % pour la mine McIntyre et de 25 % pour la mine Lorraine. L'amortissement des frais de trépage des mines pour amener les gisements des compagnies au stade de la production, est échelonné sur la durée des réserves de minerais estimées.

5. FALCONBRIDGE NICKEL MINES LIMITED

Le revenu du placement dans Falconbridge Nickel Mines Limited qui a été inclus dans l'état des pertes et profits ne comprend que les dividendes reçus. Au 31 décembre 1965, l'intérêt de la compagnie dans le surplus d'exploitation de Falconbridge depuis l'acquisition d'actions de cette compagnie en 1962, y compris les bénéfices sur la vente de placements, s'élevait à \$10,342,000. Le revenu net de Falconbridge en 1966, d'après l'estime de \$5,60 l'action annoncé le 2 février 1967, dépassait de \$3,528,000 le montant des dividendes reçus (\$3,115,000 en 1965).

6. IMPÔTS SUR LE REVENU

L'amortissement des frais de trépage et de développement des mines est imputé au revenu dans les comptes, conformément aux procédures comptables de la compagnie. Toutefois, les dégrèvements fiscaux en regard de ces frais sont supérieurs aux montants imputés au revenu dans les comptes; par conséquent, les impôts à payer sur le revenu ont été réduits. Avant 1966, ces réductions étaient portées aux comptes de l'année où les demandes de dégrèvements fiscaux étaient présentées. En 1966, la compagnie a adopté le procédé comptable de "l'impôt reporté". Selon ce procédé, les impôts sur le revenu qui figurent dans les comptes représentent le montant entier des impôts applicables au revenu déclaré dans l'état des pertes et profits et les dégrèvements d'impôt figurent dans le bilan au poste des dégrèvements d'impôt s'élevaient à \$205,000 pour 1966. Pour fins de comparaison, les chiffres de 1965 ont été rajustés pour comprendre le report des dégrèvements de \$121,000 applicables à cette année-là. De plus, le surplus d'exploitation, au 1er janvier 1965, a été réduit de \$142,000 pour les dégrèvements d'impôt applicables à l'exercice de 1964. Le montant global de \$468,000, au 31 décembre 1966, figure dans le bilan au poste des impôts sur le revenu reportés. A l'avenir, lorsque les dégrèvements pour fins fiscales, relativement à l'amortissement, seront inférieurs aux montants imputés au revenu dans les comptes, les impôts sur le revenu reportés seront réduits et les réductions d'impôt applicables seront virees au revenu.

Le revenu d'exploitation de la mine Lorraine est exempt d'impôt pour une période de trois ans à compter du 1er janvier 1965 et la compagnie ne paie pas d'autre impôt sur les dividendes reçus de compagnies canadiennes assujetties à l'impôt. Le Trésor des Etats-Unis a réclame un montant additionnel de \$1,325,000 en impôts sur le revenu pour les exercices 1962 et 1963 d'une filiale. Aucune provision n'avait été faite pour ces impôts puisque, selon l'avis du conseil juridique aux Etats-Unis, la filiale devrait réussir à faire valoir sa dénégation de responsabilité.

7. APPOINTEMENTS DES ADMINISTRATEURS

La rémunération que les compagnies consolidées ont payée aux administrateurs, pour leurs services à titre d'administrateur, s'est chiffrée à \$22,500 en 1966 (\$22,500 en 1965).

8. FONDS DE RENTE

Aux termes du plan de rente de retraite à part contributive établi en 1960, la compagnie verse chaque année des contributions pour les services actuels des employés et les services antérieurs à l'avènement du plan. Au 31 décembre 1966, le montant requis pour combler le fonds pour les services antérieurs s'élevait à \$500,000 environ.

9. REVENU NET SUR LA VENTE DE PLACEMENTS

Conformément aux procédés comptables de la compagnie, le revenu net sur la vente de placements figure à l'état du surplus d'exploitation faisant partie des états financiers consolidés ci-joints. Dans les états financiers présentés à la U.S. Securities and Exchange Commission, et tel qu'exigé par cette dernière, ce revenu figure à l'état des pertes et profits, en poste spécial, ajouté au revenu net de l'exercice.

PASSIF

1966	1965
Exigibilités	
Comptes à payer et passif couru	
Impôts sur le revenu et redevances au gouvernement	
\$ 851,000	\$ 939,000
1,542,000	1,029,000
Impôts sur le revenu reportés aux exercices futurs	
468,000	263,000
Intérêt minoritaire	
Intérêt des actionnaires minoritaires dans une filiale	
428,000	480,000
Avoir des actionnaires	
Capital-actions (note 3, page 12)	
Autorisé—3,000,000 actions sans valeur au pair	
Emis —2,389,182 actions (1965—2,388,382 actions)	
Surplus d'exploitation	
6,177,000	6,112,000
111,696,000	105,239,000
117,873,000	111,351,000
\$120,311,000	\$113,123,000

Approuvé au nom du Conseil,

J. D. BARRINGTON, *Administrateur*

W. B. DIX, *Administrateur*

BILAN CONSOLIDÉ

ACTIF

Disponibilités

Encaisse	1,181,000	\$	1,578,000
Lingots d'or et d'argent, à leur valeur réalisable	306,000		427,000
Métaux en affinage, à leur valeur réalisable estimée	2,762,000		1,683,000
Aide à l'exploitation des mines d'or à recevoir	459,000		532,000
Autres comptes à recevoir et frais payés d'avance	271,000		167,000
	4,979,000		4,387,000

Placements au prix coûtant (note 2, page 12)

Valeur cotée du marché
1966
1965

Titres du Gov. et valeurs à court terme	\$ 1,665,000	\$ 8,216,000	1,695,000	8,257,000
Actions de Falconbridge Nickel Mines Ltd	152,129,000	175,733,000	91,503,000	79,628,000
Actions d'autres cie, inscrites à la cote officielle	22,894,000	30,097,000	15,270,000	15,029,000
Autres placements	<i>pas cotée</i>	<i>pas cotée</i>	1,922,000	119,000
	\$176,688,000	\$214,046,000	110,390,000	103,033,000

Immobilisations

Usine et équipement au prix coûtant	11,209,000	9,214,000	11,820,000	9,408,000
Moins l'amortissement accumulé			2,412,000	
Propriétés et droits miniers—Mine Lorraine au prix coûtant et les autres propriétés à leur valeur nominale	351,000	2,346,000	351,000	2,763,000

Autres avoirs et frais différés

Approvisionnements au prix coûtant	555,000	1,887,000	786,000	2,011,000
Frais de développement des mines, moins l'amortissement		154,000		143,000
Autres avoirs et frais différés	2,596,000		2,940,000	
	\$120,311,000		\$113,123,000	

ÉTAT CONSOLIDÉ DU REVENU pour l'exercice terminé le 31 décembre 1966

EXPLOITATION DES MINES

1966	1965	Revenus
\$15,343,000	\$13,336,000	Production de métaux
1,163,000	1,277,000	Aide à l'exploitation des mines d'or
16,506,000	14,613,000	
		Dépenses
10,936,000	10,954,000	Frais d'exploitation, autres que les frais sousmentionnés
834,000	858,000	Frais administratifs et généraux
531,000	573,000	Amortissement (note 4, page 12)
524,000	458,000	Amortissement des dépenses de développement des mines (note 4, page 12)
12,825,000	12,843,000	
3,681,000	1,770,000	Revenu d'exploitation
REVENU DE PLACEMENTS		
5,935,000	5,575,000	Dividendes de Falconbridge Nickel Mines Limited (note 5, page 12)
1,249,000	1,552,000	Autres dividendes et intérêts
7,184,000	7,127,000	
10,865,000	8,897,000	Revenu avant déductions suivantes
Moins:		
1,004,000	947,000	Dépenses et participation à des recherches hors des mines
228,000	96,000	Intérêt minoritaire dans les bénéfices nets d'une filiale
400,000	44,000	Impôts sur le revenu (note 6, page 12)
205,000	121,000	courants
1,837,000	1,208,000	reportés
\$ 9,028,000	\$ 7,689,000	REVENU NET
\$3.78	\$3.22	Revenu par action

pour l'exercice terminé le 31 décembre 1966

\$ 3,358,000

et les directeurs, plan qui fut approuvé par les actionnaires le 7 mai 1958.

Le nombre d'actions enregistrées au nom des actionnaires inscrites aux livres et demeurant au Canada diminua durant l'année à 68,52% du total, tandis que le nombre d'actions détenues par des actionnaires américains inscrits aux livres augmenta à 28,16%. D'autres actionnaires inscrits aux livres détenaient 3,32% des actions émises.

PERSPECTIVES

Il existe une certaine incertitude qui rend les prévisions pour l'avenir immédiat plutôt risquées. L'expansion rapide de l'économie qui a eu lieu au cours des quelques dernières années aux Etats-Unis et au Canada s'est modérée à un degré notable. La rareté de la main-d'œuvre compétente pour l'industrie minière, en plus des revendications de salaire et des règlements beaucoup plus exigeants qu'auparavant, continuera à nous maintenir dans une situation défavorable sur les marchés mondiaux, vis-à-vis la concurrence pour quelque temps encore. Néanmoins, nous espérons que les revenus de McIntyre en 1967 seront à peu près égaux à ceux de l'année actuelle à l'étude et il semble que le même état s'avèrera pour Falconbridge. Le prix du cuivre, que nous croyons imprévisible actuellement, sera un facteur important.

Cette année, les travaux d'exploration de développement s'avèrent des plus intéressants. Le développement subséquent de Westford, les essais souterrains des dépôts de charbon à Smoky River et les nombreux autres projets prévus d'un bout à l'autre du pays devraient, la chance aidant, donner des résultats encourageants.

En compilant ce rapport et en regardant l'avenir, votre compagnie dépend en grande partie de l'énergie et de la ressource des administrateurs, du personnel et de tous les employés qui contribuent au jour le jour aux résultats de fin d'année. Les administrateurs désirent exprimer leur reconnaissance à tous ceux qui ont joué un rôle dans la réussite de McIntyre et de ses compagnies associées.

Au nom du Conseil d'administration,

J. D. Conway

Le président et administrateur délégué,

Trois régions ont été acquises en vue d'études plus poussées.

EMPLOYES

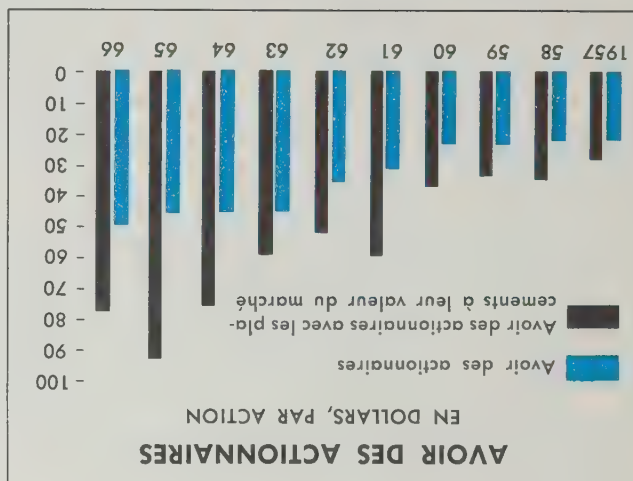
Au 31 décembre 1966, la compagnie et ses filiales employaient 909 employés. De plus, 40 anciens employés salariés et 70 anciens employés payés à l'heure recevaient des prestations de rente ou des gratifications pour long service.

Le dîner annuel du Club Quart-de-Siècle s'est tenu à Schumacher, Ontario, le samedi 29 octobre 1966, alors que 20 nouveaux membres étaient honorés. Le nombre de membres comprend désormais 156 employés actifs et 93 retraités.

ACTIONNAIRES

A la fin de l'année, 2,389,182 actions du capital-actions de la compagnie étaient émises et en circulation. Ces actions étaient détenues par 3,190 actionnaires inscrits aux livres.

L'augmentation de 800 actions en circulation représente des achats par les employés en vertu du plan d'option d'achat pour le personnel clé



Toronto, le 27 février 1967

du gouvernement de l'Alberta atteindra la priorité. Des négociations de vente se continuent avec des intérêts japonais et nord-américains. Tel qu'indiqué au chapitre des placements, l'avoie de McIntyre dans Frober Limited fut augmentée et un intérêt direct fut acheté dans Wexford Mines Limited. Un dépôt important de cuivre a été découvert durant 1966 sur la concession de Wexford dans le Parc de la Gaspésie au Québec. Un programme important de forage est en voie pour délimiter le gisement et pour étudier d'autres zones prometteuses de la propriété.

Des études géophysiques par avion furent entreprises sur une concession de 640 milles carrés dans la région volcanique du centre de Terre-Neuve. Un nombre d'objets intéressants furent indiqués pour des travaux subéquents au sol et du forage au cours de l'année courante.

Le forage et les travaux en surface ont été continués sur les grandes concessions de McIntyre dans le Parc de la Gaspésie au Québec et d'autres travaux seront requis. Le forage au diamant dans la région de Mattagami au Québec et sur une propriété sous option dans la région de Pine Point, dans les territoires du Nord-Ouest, n'a rien rencontré d'intéressant, mais les concessions sont gardées en attendant d'autres développements qui pourraient survenir dans les régions respectives.

Au nord de Timmins, en Ontario, votre compagnie détient des droits miniers sur une région très étendue en vertu de divers contrats d'option et par jalonnement. Certains forages ont été faits durant l'année et un programme élaboré d'évaluation géologique et de forage d'objectifs géophysiques se poursuit.

En vue d'augmenter notre envergure, des participations furent prises ou continuées dans plusieurs syndicats ou compagnies de prospection formées pour un genre spécifique d'exploration. Un intérêt de vingt-cinq pour cent est détenu dans le syndicat Flonatin qui effectue des travaux géophysiques et des forages dans le nord du Manitoba et de la Saskatchewan. Coranex Limited, où McIntyre détient aussi un intérêt de vingt pour cent, est une compagnie constituée pour chercher des dépôts de cuivre et de molybdène disséminés en Colombie Britannique et dans le territoire du Yukon, en se servant de techniques géochimiques avancées. Une découverte de cuivre a été faite et elle fera l'objet de travaux subéquents.

Au Maine, des levés géochimiques sur une grande échelle furent complétés et une zone fut forée. Rien d'exploitable n'a été découvert. Un intérêt de vingt-cinq pour cent est détenu dans DeNiza Mining Corporation, une compagnie constituée dans l'état du Nevada qui effectue des travaux géophysiques et des forages sur deux propriétés en Arizona; elle poursuit ses recherches de dépôts cuprifères. Notre filiale australienne en propriété exclusive a étudié un nombre de propositions d'exploration et de placement dans ce pays et elle poursuit des travaux d'exploration de base.

FALCONBRIDGE

Un total de \$15.4 millions fut investi au cours de l'année, dont \$11.9 millions a été obtenu de la vente d'autres placements, surtout des valeurs à court terme. Le gain réalisé sur la vente des placements, se chiffrant à \$3.9 millions, fut crédité directement au compte du surplus.

Le portefeuille des placements au 31 décembre 1966 comprenait des valeurs qui ont une valeur marchande cotée à \$176.7 millions ou \$74 par action, en comparaison de \$214.0 millions ou \$90 par action à la fin de 1965.

En 1966, Falconbridge a atteint un record de ventes de nickel; cependant, le revenu de cette source fut moindre par suite, surtout, de l'inclusion dans les ventes de métal non rentable des stocks de réserve aux Etats-Unis. D'autres influences défavorables sur le revenu de la division du nickel furent les frais de production plus élevés et l'effet indirect de la grève à l'International Nickel Company of Canada, Limited, à Sudbury. De nouveau, le revenu en dividendes de compagnies associées forma la plus grande partie du revenu net de Falconbridge.

Au cours de l'année, l'agrandissement majeur des aménagements de Falconbridge en Norvège et à Sudbury fut continué et la mise en production de Westrob, sa mine de fer et de cuivre en propriété exclusive, est maintenant prévue pour le début de 1967; ce retard est attribuable aux délais de construction causés par des problèmes syndicaux en Colombie Britannique.

Les dépenses d'exploration de Falconbridge augmentèrent durant l'année et les résultats de ces travaux ont indiqué des sources à long terme de minerai pour son exploitation de nickel.

Les dividendes reçus par McIntyre de Falconbridge se chiffrèrent à \$5.9 millions soit \$2.48 par action de McIntyre. Le 2 février, Falconbridge annonçait des bénéfices estimés à \$5.60 par action pour 1966. Cela est l'équivalent de \$4.09 par action de McIntyre sur les actions détenues à la fin de l'année.

EXPLORATION

L'exploration s'est continuée à un haut niveau durant l'année. Bien que la plupart des fonds furent consacrés à la recherche de minéraux au Canada, des travaux ont aussi été faits aux Etats-Unis et en Australie.

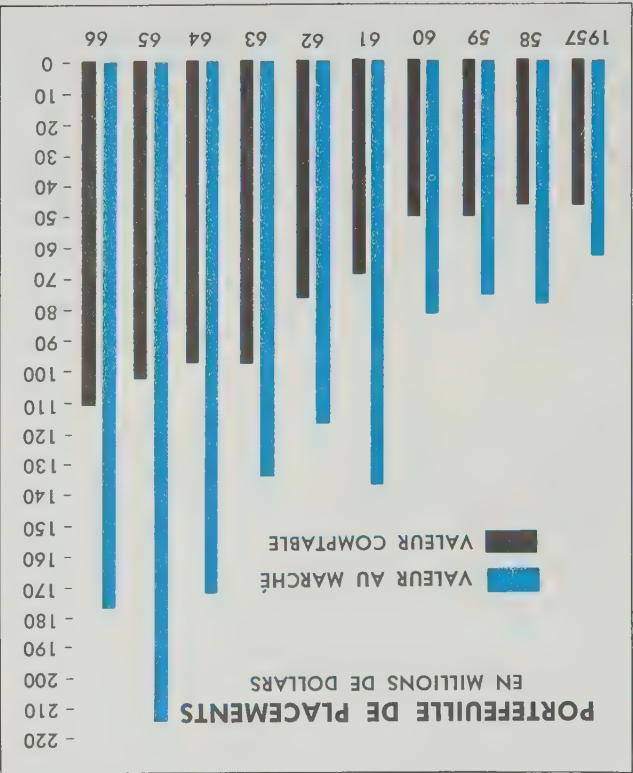
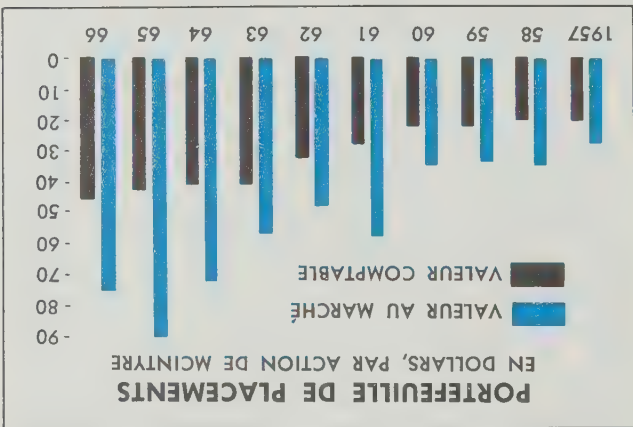
A la suite d'une étude des possibilités, la décision prise fut de procéder à l'exécution d'un projet de mine-pilote sur les dépôts de forte teneur en charbon métallurgique de la compagnie, dans la région de Smoky River en Alberta. Le but est d'analyser les conditions souterraines, de sorte que les méthodes et les frais d'exploitation puissent être déterminés avec une plus grande précision. Ce projet devrait être complet vers la fin de 1967, à peu près en même temps que le chemin de fer "Road to Resources"

régions minéralisées à étudier. L'exploration se continuera avec diligence.

PLACEMENTS

La compagnie a augmenté son placement dans Falconbridge Nickel Mines Limited au cours de l'année en acquérant 122,698 actions et, à la fin de l'exercice, détenait 1,746,101 actions, soit l'équivalent de 35,7% du total des actions émises et en circulation de cette compagnie.

L'engagement de la compagnie dans le financement de Frobox Limited a été exécuté et toutes les options d'achat furent exercées. Au 31 décembre 1966, 1,000,000 d'actions de Frobox



Limited étaient détenues. En plus, la compagnie a acquis 225,000 actions de Wexford Mines Limited.

Sur la concession Hollinger, une partie d'un gisement de minerai fut délimitée entre les niveaux 5525 et 5675. Dans la région du puits N° 15, le forage au diamant et le percement de galeries indiquent une colonne minéralisée entre les niveaux 7275 et 7575. L'exploration se continue dans l'espoir que les réserves ici pourront être augmentées.

Réserves de minerai

Les réserves cuprifères, délimitées par des sondages, furent légèrement inférieures l'an dernier. Les réserves aurifères ont diminué d'environ 235,000 tonnes, soit de 21%. Les détails sont donnés à la page 17.

Généralités

Comme dans la plupart des industries, les opérations ont souffert d'un manque de mineurs compétents et de gens de métier. Au début de l'année, un programme d'apprentissage souterrain fut commencé en coopération avec les gouvernements fédéral et provincial. Lorsque tous les apprentis eurent complété leur apprentissage, le programme n'a pas été continué faute de candidats aptes à ce travail.

DIVISION CASTLE

Toutes les régions minéralisées possibles furent explorées durant la première partie de l'année avec des résultats négatifs. La mine a maintenant été fermée et l'usine en surface et les bâtiments ont été vendus. En vertu d'un contrat avec Siscoe Metals of Ontario Limited, cette compagnie a traité le minerai de la halde de déblais et ils extrairont aussi tout minerai des murs moyens.

MINE LORRAINE

La mine Lorraine a connu une bonne année en 1966. La production de métaux, provenant des 186,369 tonnes traitées, se chiffra à 4,530,650 livres de cuivre et 1,853,374 livres de nickel. Le revenu, après les frais de commercialisation, était de \$2.8 millions.

Les bénéfices d'exploitation furent de \$2 millions et, après déduction des droits miniers du Québec, de la dépréciation et des autres frais, le revenu net fut de \$1.1 million. Des dividendes de 35¢ par action furent payés au cours de l'année.

Les dépenses en immobilisations furent de \$12,692, surtout pour l'usine et l'équipement en surface.

L'exploration en surface et souterraine a été continuée au cours de l'année et bien que certaines intersections de minerai dispersées furent obtenues par forage, rien d'importance ne fut découvert. Les réserves actuelles de minerai sont suffisantes pour poursuivre l'exploitation jusqu'à 1967 inclusivement, mais il existe encore des

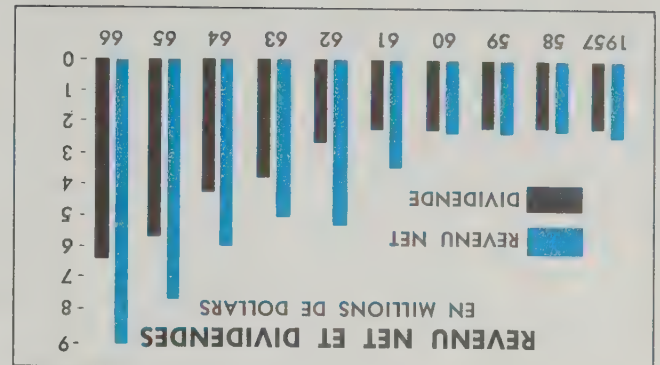
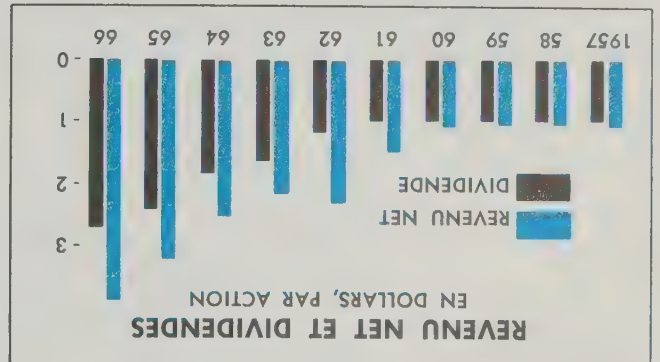
RAPPORT DES ADMINISTRATEURS

aux actionnaires

Je suis heureux de vous présenter le cinquante-cinquième rapport annuel de votre compagnie et de rapporter un autre exercice record quant au revenu.

Le revenu net pour 1966 s'est chiffré à \$3.78 par action en comparaison de \$3.22 en 1965, soit une augmentation de 17%. Bien que le revenu des placements représente encore une portion importante des revenus avant déduction de l'impôt, les bénéfices des exploitations minières furent le double de ceux de l'année précédente. La diminution des bénéfices d'exploitation des mines d'or a été plus que contrebalancée par l'augmentation des bénéfices provenant du cuivre, surtout à cause des prix plus élevés touchés au cours de toute l'année. Les bénéfices plus élevés de la mine de cuivre-nickel de Lorraine ont aussi grandement contribué à l'augmentation générale des revenus. Les dividendes d'un total de \$2.70 par action furent payés durant 1966. Ce chiffre se compare à \$2.40 par action de 1965.

La compagnie a adopté une méthode différente d'inscription pour l'impôt sur le revenu dans les états financiers de 1966, mais le changement expliqué à la page 12 n'affecte d'aucune façon le montant de l'impôt payé ou la position du capital de roulement et des valeurs en caisse de



MINE MCINTYRE

La compagnie. Pour fin de comparaison, les chiffres de 1965 ont été ajustés sur la nouvelle base. Si le procédé de report de l'impôt sur le revenu n'avait pas été adopté, les bénéfices pour 1966 auraient été de \$3.86 par action en comparaison de \$3.27 pour 1965.

Durant l'année, 665,545 tonnes de minéral cuprifère furent traitées desquelles furent récupérées 10,416,113 livres de cuivre et 9,434 onces d'or. L'exploitation aurifère a donné 113,649 onces d'or et 9,299 onces d'argent provenant du traitement de 403,665 tonnes de minéral. Le revenu de tous les métaux vendus se chiffrera à \$10.9 millions et les bénéfices d'exploitation atteignent \$3.4 millions après la dépréciation et l'amortissement, mais comprenant l'aide à l'exploitation des mines d'or. Les dépenses en immobilisations furent de \$167,200, dont une somme de \$36,765 fut consacrée aux travaux souterrains de l'exploitation cuprifère et le reste, \$130,435, aux travaux en surface, surtout pour des altérations au circuit de traitement du minéral cuprifère et au remplacement de l'équipement.

Exploitation cuprifère

Les travaux de trassage ont atteint un total de 13,468 pieds, comprenant 10,712 pieds de galeries et 2,756 pieds de remontrées. Du total ci-dessus, 10,327 pieds ont servi à la préparation d'un chantier en gradins et 3,141 pieds pour des ouvertures permanentes, et le forage au diamant a compris 24,185 pieds. Une entente a été conclue avec Westfield Minerals, selon laquelle McIntyre peut explorer l'ancienne mine Coniarnum jusqu'à une distance maximum de 500 pieds des limites communes. Au moment où ce rapport est rédigé, le forage au diamant à partir du niveau 3375 indique que le gisement de minéral se prolonge dans Coniarnum, sa teneur en cuivre est légèrement inférieure tandis qu'elle apparaît un peu plus élevée en or.

Exploitation aurifère

Les travaux de trassage dans les régions miniérables possibles se sont chiffrés à 3,590 pieds.

SOMMAIRE

1966	1965
Revenu net . . . \$ 9,028,000	\$ 7,689,000
Par action . . . \$3.78	\$3.22
Dividendes . . . \$ 6,438,000	\$ 5,732,000
Par action . . . \$2.70	\$2.40
Placements	
Au prix coûtant . . . \$110,390,000	\$103,033,000
Par action . . . \$46.20	\$43.14
A la valeur du marché \$176,688,000	\$214,046,000
Par action . . . \$73.95	\$89.62
Production des métaux	
Cuivre - livres . . . 14,947,000	13,689,000
Or . . . onces . . . 127,000	161,000
Nickel - livres . . . 1,853,000	1,900,000
Argent - onces . . . 172,000	100,000

Administrateurs

J. D. BARRINGTON
Président et administrateur délégué

MARSH A. COOPER

Associé de James, Buffam and Cooper, Géologues-conseils

NORMAN F. W. D'ARCY

Président, Locana Corporation Limited

W. B. DIX

Vice-président et trésorier

H. J. FRASER

Président et administrateur délégué,
Falconbridge Nickel Mines Limited

J. C. FRASER

Associé principal, Fraser, Dingman & Co., Courtiers en placements

J. G. GLASSCO

Président, Brazilian Light and Power Company, Limited

J. O. HAMBRÖ

Président du Conseil, Hambros Bank, Limited

S. M. WEDD

Administrateur, National Trust Company, Limited

Membres de la Direction

J. D. BARRINGTON

Président et administrateur délégué

M. L. URQUHART

Premier vice-président

W. B. DIX

Vice-président et trésorier

F. T. MCKINNEY

Secrétaire

Directeur Général

J. K. GODIN

Toronto, Ontario

P. B. McCRODAN

The McIntyre Mine, Schumacher, Ont.

G. E. LACAILLE

The Lorraine Mine, Belleterre, Qué.

Directeurs des Mines

Capital- actions	Autorisé: 3,000,000 actions sans valeur au pair Émis: 2,389,182 actions
Emplacement des mines	The McIntyre Mine, Schumacher, Ontario The Lorraine Mine, Belleterre, Québec
Bureaux administratifs et siège social	Bureau 1500, 25 ouest, rue King Toronto 1, Ontario
Vérificateurs	Thorne, Gunn, Helliwell & Christenson (qui succède à Gunn, Roberts and Co.) Comptables Agréés, Toronto
Agents de transfert	Canada Permanent Trust Company, Toronto Bankers Trust Company, New York
Préposés aux registres des actionnaires	Crown Trust Company, Toronto The Chase Manhattan Bank, (National Association), New York

L'assemblée annuelle générale et spéciale des actionnaires se tiendra à 11 h de la matinée, le mercredi 3 mai 1967, à la Salle Alberta de l'Hôtel Royal York, Toronto, Ontario.

ASSEMBLÉE ANNUELLE

PAGE	TABLe DES MATIÈRES
1	Renseignements sur la Compagnie
2	Administrateurs, membres de la direction et directeurs des mines
3	Sommaire
4	Rapport des administrateurs
8	Source et emploi des fonds, état consolidé
9	Etat consolidé du revenu
10	Bilan consolidé
12	Notes aux états financiers consolidés
13	Etat du surplus d'exploitation, consolidé
13	Rapport des vérificateurs
14	Portefeuille de placements
15	The McIntyre Mine
15	Etat du revenu d'exploitation
16	Résumé de la production
16	Résumé de l'exploitation et des recherches
17	Réserve de minerai cuprifère
17	Réserve de minerai aurifère
17	The Lorraine Mine
17	Etat du revenu
18	Revue financière
20	Bureaux d'exploration



1966

RAPPORT ANNUEL

McINTYRE
PORCUPINE MINES LIMITED

July 26, 1966

AR23

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To the Shareholders:

Net income for the first half of 1966 amounted to \$1.78 per share, compared with \$1.50 per share in the same period last year. This is an improvement of 18.5%, due mainly to higher mine earnings from copper production.

Dividends paid during the period totalled \$1.30 per share vs. \$1.20 per share in the first half of 1965.

At the McIntyre mine, an average of 3,050 tons of ore were milled in the six months period, of which 1,784 tons per day was copper ore and 1,266 tons gold ore. A total of 4,825,000 pounds of copper and 61,800 ounces of gold were recovered, compared with 4,739,000 pounds of copper and 80,300 ounces of gold for the same period last year. Copper prices remained high and as a result, the net income from the McIntyre mine increased 45% over the same period last year to \$1,940,000.

At the Lorraine copper-nickel mine, 93,500 tons of ore grading 1.24% copper and 0.56% nickel were treated. Net income after providing for provincial taxes and write-offs amounted to \$606,000.

The indicated market value of the investment portfolio at June 30, amounted to \$188.7 million, or \$79 per share, compared with \$198.3 million, or \$83 per share, at June 30, 1965.

J. S. Barrington

President and Managing Director.

MCINTYRE

PORCUPINE MINES LIMITED

INTERIM REPORT TO SHAREHOLDERS

FOR THE SIX MONTHS ENDED
JUNE 30, 1966

MCINTYRE

PORCUPINE MINES LIMITED

Consolidated Statement of Income

(Interim statements, to some extent based on estimates, and subject to year-end audit)

	Six months ended June 30 1966	1965*
	\$	\$
Mining:		
Revenue:		
Metal production	7,882,866	6,555,390
Emergency gold mining assistance	594,000	610,973
	8,476,866	7,166,363
Less: marketing charges	1,206,068	1,047,363
	7,270,798	6,119,000
Operating costs including depreciation	5,273,829	5,282,531
Operating income	1,996,969	836,469
Investment income:		
Dividends from Falconbridge Nickel Mines Limited	2,478,117	2,353,505
Other dividends and interest	697,010	823,254
	3,175,127	3,176,759
Income before the following deductions	5,172,096	4,013,228
Deduct:		
Expenditures and participations in outside exploration ...	448,535	387,741
Income taxes	361,896	22,649
Minority interest in net income of subsidiary company ..	121,118	23,759
	931,549	434,149
Net Income	4,240,547	3,579,079
Earnings per share	\$1.78	\$1.50

* 1965 published figures adjusted for proper comparison to include the Lorraine Mine.



MCINTYRE

PORCUPINE MINES LIMITED

Address to Shareholders

by

J. D. Barrington
President and Managing Director

**FIFTY-FOURTH
ANNUAL MEETING
MAY 4, 1966**

TO THE SHAREHOLDERS:

The Fifty-fourth Annual and a Special General meeting of McIntyre shareholders was held on Wednesday, May 4th. We are pleased to report that approximately seventy-five percent of the outstanding shares of the Company were represented.

The Special Resolutions passed by the directors on January 25th, 1966, changing the name of the Company by removal of the hyphen and comma therein; changing the location of the head office to Toronto and enacting new By-laws, were confirmed.

All directors were re-elected as follows: Messrs. J. D. Barrington, M. A. Cooper, Norman D'Arcy, W. B. Dix, H. J. Fraser, J. C. Fraser, J. G. Glassco, J. O. Hambro, and S. M. Wedd.

Gunn, Roberts and Co., of Toronto, chartered accountants, were re-appointed auditors of the Company's accounts.

Officers appointed by the Board of Directors immediately following the annual meeting are:

President and Managing Director,
J. D. Barrington.

Vice-President and Treasurer,
W. B. Dix.

Vice-President — Operations,
M. L. Urquhart.

Secretary,
F. T. McKinney.

*President's Remarks to the Shareholders
at the Annual and Special General Meeting
of the Shareholders held on Wednesday,
May 4th, 1966, at the Royal York Hotel,
Toronto, Ontario.*

LADIES AND GENTLEMEN:

This is the 54th annual meeting of McIntyre shareholders and I extend to you a very cordial welcome. I am particularly pleased to see, as I do each year, a number of regular attenders. Before proceeding, I want to express my thanks for the support you have given to the special resolutions of the directors.

EARNINGS AND DIVIDENDS

It was gratifying to be able to announce in the Annual Report, record earnings of \$3.27 per share for 1965. The increase over the previous year's earnings, which were also a record high, amounted to 27%. Coincident with the higher earnings in 1965, the rate of the McIntyre dividend was adjusted upward from \$1.80 to \$2.40 per share.

We have reason to hope that 1966 earnings will show further improvement. In the first quarter of this year, your Company made 74¢ per share, compared with 72¢ for the same period a year ago. The increase is for the most part attributable to higher revenue from metal sales. The initial dividend from the Company's copper-nickel subsidiary, Lorraine Mining Company Limited was received during the period. This first Lorraine dividend was paid on March 31st of this year, at which time the income debentures held by McIntyre were retired. We can expect further dividends from this source during the year.

INVESTMENTS

The market value of the Company's investment portfolio at the end of 1965 was also at a record high, when it stood at \$90.00 per share. This compares with \$72.00 at the end of 1964. At March 31st this year, the market value of the portfolio amounted to \$83.95 per share. I have previously mentioned that the additional value of our other assets would augment this figure substantially.

McINTYRE MINE

At the beginning of January, operations at Schumacher were placed on a 40-hour week basis. It was felt that the advantages of a 40-hour work week would outweigh any disadvantages following the initial struggle to maintain production. For the first two months it was necessary to schedule extra manshifts in order to meet the gold tonnage which had been forecast. Productivity has since improved and the gold mine is again capable of delivering the estimated tonnage. During this transition period the necessity for ore caused an overall drop in the gold grade but now, through more selective mining, the grade has gradually improved. However, as I have pointed out at previous annual meetings, McIntyre is an old mine and it is no longer possible to choose alternative working places when the grade falls off. Preparations have been made to reduce the gold tonnage to 1,000 tons a day and increase the copper tonnage to 2,000 tons a day, about June 1st. Although the grade of copper ore is low, the profit from the higher tonnage will more than offset the loss due to the cutback in the production of gold.

The operation, in common with all industry, suffers from the lack of skilled

personnel. As a result, we have had to expand our on-the-job training plan and at present there are twenty-four trainees.

CASTLE DIVISION

It is always a sad day when the decision is made to close a mine. Such a time has come for the Castle mine in the Gowganda area. During the past few months a concentrated underground exploration program has been carried out with negative results. An independent consultant has not recommended any further work at Castle but has suggested the possibility of some Siscoe ore extending through the party wall and on to Castle ground. If such should prove to be the case, then it would be more economical for Siscoe to mine and mill any such ore.

There are about 3,255 tons of broken ore on surface and this will be processed during the coming summer. The operation is now on a salvage basis.

The Castle mine has been good to its former shareholders and to McIntyre. During the 40 odd years of its life, 17 million ounces of silver were produced for a profit of approximately \$13 million which included investment income. The Company has paid dividends of \$3 million. The respective managers, the technical staffs and indeed all personnel connected with the mine during its life are to be commended.

THE LORRAINE MINE

Lorraine's first year of production in 1965 was most satisfactory. The mill treated 162,533 tons of ore, an average of 450 tons per day. Operating profit amounted to \$1,200,000. In the first

quarter of this year 45,201 tons were treated for a daily average of 502 tons. The estimated operating profit for the quarter is \$357,000. Grade was somewhat lower due to mining sequence, but for the full year we expect as good a profit as last year, if not better.

No appreciable amount of new ore has been discovered but surface and underground exploration are being actively pursued. There are still large areas to be tested and we have recently acquired additional ground in the district.

FALCONBRIDGE

Nineteen-hundred and sixty-five was the best in Falconbridge's history and at present, barring unforeseen circumstances, there is every indication that 1966 will also be a record year. I referred in our Annual Report to the mutual advantages that were gained by the merger of Falconbridge and Ventures, which took place in 1962, because I think these advantages have now become strikingly apparent.

Mr. H. J. Fraser, in his recent address to the Falconbridge shareholders, stated that the Company is in the midst of a major expansion program. This program is designed to enhance earnings in the future which, in turn, will substantially add to the potential value of McIntyre's interest in Falconbridge.

EXPLORATION

Our search for new mines has been expanded with a corresponding increase in expenditures. We all realize that the future growth of your Company depends, to a considerable extent, on our ability to acquire and develop profitable mineral

properties. Good exploration opportunities are not plentiful, and complex and expensive methods of search are necessary if we are to meet competition and increase our chances of success.

We have some projects on hand which have given us encouragement and on which work is proceeding.

SMOKY RIVER COAL

Regarding our Smoky River coal deposits in Alberta, I mentioned in the Annual Report that feasibility studies are in progress and that the quality of the coal compares favourably with the best metallurgical coals being mined on this continent. I could have said, being mined anywhere in the world. World reserves of this type of low-volatile, low-ash, low-sulphur coal are limited. Most of the known deposits are in the eastern United States, and producers are hard-pressed to supply present domestic and export markets.

On a recent trip to Japan we were informed by representatives of the major steel mills that there is definitely a large market there for our coal, providing the price is competitive. In addition, we have had inquiries from potential customers elsewhere. We believe that this coal can be produced and sold at competitive prices and at a profit. Capital and operating costs certainly will not be low because of the location and attitude of the coal seams, but reserves are sufficient for many years to come.

The Alberta Government with the co-operation of the Canadian National Railways is presently building a railroad which will pass adjacent to the deposit. Completion is scheduled for the end of 1967.

Negotiations are proceeding with a view to obtaining firm long-term contracts at a price which will bring us an adequate return.

Our immediate plan as far as the property is concerned, is to proceed with a limited amount of underground work in order to determine the best mining methods. We believe that eventually these deposits will provide a substantial source of income for your company.

GENERAL

I would be remiss if I did not add my voice to the many urgent representations that already have been made in protesting the unrealistic immigration policies of the Federal Government which are so harmful to our industry. Mining in Canada throughout its history has depended to a great extent for its labour force upon immigration. Even while mines are being forced to curtail production for lack of manpower, our authorities hold to an educational standard of Grade 10 or equivalent for immigrant labour desirous of entering Canada; this notwithstanding a declared commitment on the part of the mining industry to provide at their own expense the training necessary to enable foreign labour of greater or lesser educational qualification to establish in underground occupations in the mines of Canada. The present regulation can only be described as a short-sighted policy and one that we strongly urge the Canadian Government to reconsider. I might add that we think it would be very foolish indeed for us to launch a project such as Smoky River until we can be assured of an adequate supply of suitable labour. This is certainly not the case at present.

Also, of serious concern not only to the mining industry but indeed to all industry in Canada, are certain of the suggested changes in the Income Tax Act now before Parliament. I refer particularly to those changes in the regulations covering stock option plans. With considerable wisdom the Government of Canada several years ago provided management with an effective tool to help retain for Canada its best qualified technical and administrative people, and to attract top calibre personnel, and to establish incentives for technical and executive staff members. The effectiveness of this tool is now in danger of being destroyed by removal of the income tax relief it provided. Moreover some stock options have been granted under the prevailing legislation, as a term or condition of employment, and should the suggested changes become law, there will be difficulty and embarrassment for employer and employee alike.

CONCLUSION

In conclusion, we look to the future optimistically and with enthusiasm. Important and exciting challenges face McIntyre and, even while meeting them, we shall be looking for new ones to take their place. Out of them will come our further growth.

I know you will be pleased to hear that at a meeting of the Board of Directors, held just before this meeting, the regular quarterly dividend was raised from 60¢ to 70¢ a share. This increase, which brings the annual rate to \$2.80 a share from \$2.40 a share, will commence with the dividend payable on June 1st.

AR23

MCINTYRE
PORCUPINE MINES LIMITED

SUITE 1500, 25 KING STREET WEST
TORONTO 1, ONTARIO, CANADA

November 1, 1966

To the Shareholders:

Net income for the nine months ended September 30, 1966 amounted to \$2.58 per share, compared with \$2.27 per share in the same period last year. The improvement of 13.6% in net income is attributed mainly to higher copper production at McIntyre and higher copper-nickel production at Lorraine with increased copper prices.

Dividends paid during the period totalled \$2.00 per share vs. \$1.80 in the same period in 1965.

At the McIntyre mine an average of 3,006 tons of ore per day were treated, of which 1,825 tons was copper ore and 1,181 tons gold ore. A total of 7,542,000 pounds of copper and 91,488 ounces of gold were recovered, compared with 7,169,000 pounds of copper and 120,728 ounces of gold in the same period last year.

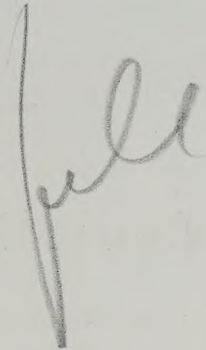
At the Lorraine copper-nickel mine, 142,000 tons of ore grading 1.21% copper and 0.55% nickel were treated. Operating income amounted to \$838,471, compared with \$374,823 in the same period last year.

The improvement of \$1,210,000 over 1965 operating results is attributed to the following: At McIntyre, operating profits on copper production were higher by \$1,117,000 whereas gold operations declined \$591,000. At Lorraine, operating profits were \$463,000 higher. The balance of \$221,000 is accounted for almost entirely by reduced losses at Castle where silver operations have now been terminated.

The indicated market value of the investment portfolio at September 30th amounted to \$170.2 million or \$71 per share, compared with \$86 per share one year ago.



President and Managing Director.



MCINTYRE

PORCUPINE MINES LIMITED

INTERIM REPORT TO SHAREHOLDERS

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 1966

MCINTYRE

PORCUPINE MINES LIMITED

Consolidated Statement of Income

(Interim statements, to some extent based on estimates, and subject to year-end audit)

	Nine months ended September 30 1966	1965*
	\$	\$
Mining:		
Revenue:		
Metal production	11,254,132	10,150,196
Emergency gold mining assistance	871,000	912,806
	12,125,132	11,063,002
Less marketing charges	1,726,890	1,656,949
	10,398,242	9,406,053
Operating costs including depreciation	7,738,781	7,956,501
Operating income	2,659,461	1,449,552
Investment income:		
Dividends from Falconbridge Nickel Mines Limited	3,764,332	3,556,732
Other dividends and interest	974,913	1,162,673
	4,739,245	4,719,405
Income before the following deductions	7,398,706	6,168,957
Deduct:		
Expenditures and participations in outside exploration	709,527	650,596
Income taxes	370,948	31,996
Minority interest in net income of subsidiary company	166,698	69,565
	1,247,173	752,157
Net Income	6,151,533	5,416,800
Earnings per share	\$2.58	\$2.27

* 1965 published figures adjusted for proper comparison to include Lorraine Mine.